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THE MARKET AND ITS CRITICS

Socialist Political Economy in
Nineteenth-Century Britain

JOHN JOHNSON

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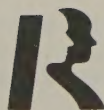
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NOEL THOMPSON



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PREFACE

This study is concerned with the reaction of socialist writers to the role played by the market in the economic and social life of nineteenth century Britain and with the bearing this had on their conception of how, economically, the socialist society of the future might best be ordered. Though it surveys the field of socialist thinking in that century, it does not pretend to be a history of British socialist thought. Such a work is indeed long overdue but given the volume and quality of relevant research over the past three decades, it is one which is no longer within the competence of a single scholar. This study does not, therefore, provide a comprehensive survey of thinkers and their contributions, critical and constructive, to socialist thought but rather traces one central strand in the rich and variegated tapestry of British socialist thinking. Little space is devoted to biographical detail and, with one exception, negligible consideration is given to those writers who, while influential in the evolution of socialist thought, can not themselves be categorised as socialists. The primary intention of this work is to show how the critical and constructive aspects of socialist thinking are wedded, with respect to the market and in so doing to show how the response of socialist writers to the market determined their perceptions of the possible and the efficacious under socialism. Where, therefore, as with Thomas Carlyle, the constructive dimension is absent, a writer's contribution to the critical dimension of nineteenth century socialist thinking on the market has not been directly considered. John Ruskin, the one exception, has been included, however, for although his work on social and economic questions undoubtedly reflected the influence of Carlyle, he proceeded,

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as Carlyle did not, to prescriptions of a socialistic hue, even if that hue possessed a feudalistic tint. Further, Ruskin is deemed worthy of note because of his profound influence on Morris and other socialist thinkers of the revival period and beyond.

For the most part, therefore, this study is concerned with the mainstreams of British socialist thought, rather than with the disparate non-socialist tributaries which fed the flow and sometimes muddled the waters. Only in the opening two chapters has this general editorial principle been relaxed where some attempt has been made to consider the work of writers whose thinking on the market provided an important part of the ideological backdrop against which the first generation of socialist political economists formulated their ideas.

Yet, even after limiting the study to those generally categorised as socialists (or in the case of Morris and Kropotkin anarcho-communists), there remain considerable sins of omission. For, while many might be called in a work which spans the intellectual history of a century, few in the end can be chosen. George Mudie, G.J. Harney, Charles Kingsley, John Sketchley, Edward Carpenter, Joseph Lane and assorted anarcho-communists, James Leatham, J. Bruce Wallace; the list of the neglected is long. This is not in any way to deny them their place in the history of socialist thought but they have been passed over either because they wrote little on the market and the nature of a market economy or because what they wrote had been or was to be more fully and clearly articulated by writers whose work is reviewed. Thus, for example, late nineteenth century Christian socialists such as Headlam, Figgis, Richmond, Clifford, Kenworthy et al, have been neglected because the essence of their contribution has been effectively discussed once the work of the mid-century Christian socialists, Ruskin, Morris, the Fabians, Bellamy, Hyndman and Gronland has been considered.¹

Finally, under sins of omission some mention must be made of Marx whose relative absence from this study will come as a particular surprise to that reviewer who considered my previous excursion into the history of anti-capitalist and socialist thought a despicable attempt to 'marxize the history of ideas'.² To exclude Marx in this way is not to dismiss his influence on socialist thinking in Britain but rather to take account of the fact that, as *Capital* was not translated into English until

1887 and as it was but rarely read even then (and still more rarely understood), that influence was generally mediated by other writers. Consideration is given, therefore, to the works of Hyndman, Gronlund,³ Bellamy and Morris rather than to Marx's own views on the market and the economic shape of the communist future.⁴ In any case, writers like Bellamy, Gronlund and Morris devoted considerably more space to the constructive task of delineating the broad outlines of the future socialist commonwealth than did Marx himself.

The names of Bellamy and Gronlund do, however, suggest sins of commission as does the short final chapter on Peter Kropotkin. However, no consideration of socialist thinking in late nineteenth century Britain would be complete without some discussion of *Looking Backward* and *The Co-operative Commonwealth* both of which were widely circulated, widely read and influential both positively (e.g. J.L. Mahon and G.B. Shaw) and negatively (e.g. Wm. Morris)⁵ upon indigenous thinkers. Further, as already mentioned, these writers were often as close as British socialists got to Marx. Similarly, while the variegated nature of anarcho-communist thinking in Britain should not be ignored, two writers dominated the British tradition - Wm. Morris and Peter Kropotkin and so having discussed Morris in a separate chapter it seemed essential to consider, however briefly, the other major contributor to anarcho-communist thinking in the Britain of the 1890s.⁶

Leaving aside these general editorial problems others remain in a study of this kind. First, there is the question of chronological limits. In this context the choice of a century for a study in the history of ideas, while having the merit and the crude appeal of a nice round number, does require a more satisfactory justification. In fact, this work has not been strictly bounded by the chronological limits of the nineteenth century. Thus, at one extreme Wm. Godwin's *Political Justice*, 1793 and S.T. Coleridge's *Lectures* of 1795 have been discussed in Chapter One, while at the other, some post 1900 Fabian tracts and Robert Blatchford's *Britain for the British*, 1902, have been considered. Nevertheless, the nineteenth century does provide a convenient span for a discussion of critical reactions to the market. Thus the turn of the eighteenth century can be seen as loosely marking the coming of age of the market economy as it began to assume a recognisably modern form demanding the analytical attention, whether critical or apologetic,

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of those who pronounced on the economic questions of the day.⁷ Admittedly, there is no comparable justification for concluding the study c. 1900. It might be argued that by that date the market economy was going through a comparably profound metamorphosis of an oligopolistic or monopolistic kind and that, therefore, the nature of the beast was changing fundamentally c. 1900 as it was c. 1800 but it must be conceded that this was a development already under way in the last quarter of the nineteenth century and in any case affected the British economy less than those of the United States and Germany. However, if changes in the material base do not justify keeping the study within the confines of the nineteenth century, some justification can be provided by reference to the evolution of the socialist ideological superstructure. For, to extend the study to 1914 would necessitate discussion of the theory and practice of syndicalism and guild socialism and this would not only have increased the length and pretensions of a work quite long and pretentious enough, but it would also have necessitated its extension into the inter-war period. A loosely interpreted 1900 has therefore seemed the best point to terminate the study.

Having thus fallen a victim to the crude attractions of working with a century, it seemed only right that any further subdivisions should at least have a comparably attractive simplicity and so the work has been divided into three parts broadly corresponding to the early, middle and late nineteenth century. Part 1 encompasses the burgeoning critical reaction among anti-commercialists, anti-capitalists, moral economists and communitarian socialists to the growing importance of the market. Part 2 considers the work of writers such as James Hole, John Frearson, the mid-century Christian socialists, John Ruskin and 'Bronterre' O'Brien who discussed the market in a period when the repeal of the Corn Laws, the Great Exhibition, the accelerating growth of the British economy and rising living standards seemed to signal its triumph. Finally, Part 3 looks at the period of the socialist revival and discusses the economic writing of Morris, the Fabian socialists, the political economy of state socialism and finally the anarcho-communism of Kropotkin in a period of growing difficulty for the British economy. In effect, the work is loosely structured around the idea of a changing socialist response to the growth, triumph and decay of the market economy in nineteenth century Britain.

Having furnished a meagre apologia for the content and structure of the work, the question of purpose remains. The work has been written with two major objectives in mind. To begin with, the aim was to produce a study of British socialist thinking which involved the widest manageable chronological sweep. Thus histories of nineteenth century socialist thinking in Britain, with the exception of pioneering works such as that of Max Beer or G.D.H.Cole,⁸ have generally focused either on the period prior to 1848/50 or on the period 1880-1914 with the occasional foray, such as Royden Harrison's *Before the Socialists*, into the mid-century slough of ideological despond. Further, where authors have stepped outside these chronological confines, they tend to have concentrated upon one strain of socialist thinking, most often that of communitarianism, which furnishes a reasonable measure of historical continuity. No doubt this is how it should be and no one would question the value of such contributions to our understanding of British socialism. However, it is nonetheless useful to notice or remind ourselves of general theoretical and thematic continuities and discontinuities over the sweep of a century and to consider what these have meant for the evolution of socialist thinking. For all the value of scholarly historical miniatures, it is sometimes only with a broad brush and a broader historical canvas that we can paint a picture which allows us to encompass, comprehend and convey the significance of the story as a whole. It is that, with regard to the critical and constructive aspects of British socialist thinking on the market which this work seeks to provide.

Secondly, the purpose of the work is critical. It is concerned to show why, for the most part, socialist writers in Britain rejected the market; why they discounted the possibility of it playing a role in a future socialist or communist commonwealth and to highlight their fundamental failure to comprehend and confront the theoretical and practical questions which that rejection raised. It is to be hoped, however, that if it is treated critically their work is not considered unsympathetically. It is not the purpose of this work to dismiss socialist thinking in Britain as the product of fools, visionaries and the economically illiterate. On the contrary, one cannot examine socialist thought in nineteenth century Britain, particularly its critical aspect and fail to be

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impressed by its comprehensive and perceptive richness; something which most histories of European socialist thought have failed to convey, usually in consequence of their authors' determination to treat British socialists as poor, ethically inspired cousins to their sophisticated, scientific counterparts on the continent. Yet for all the penetration, passion, persuasiveness and truth of their critical analysis; for all their acuteness of insight into the economic, social, psychological, aesthetic, environmental and human costs attendant upon the advent of a competitive market economy, they failed at root to comprehend it. They failed to comprehend the nature and complexity of the functions it performed; they failed to grasp the magnitude of the theoretical difficulties involved in supplanting it and they failed to understand the possibilities and virtues of integrating it into the socialist commonwealths which they sought to construct. The consequences of these failings were most profound, both for the course and fate of socialist political economy in Britain and its subsequent evolution in the twentieth century. It is as a contribution to an understanding of the origin and nature of these failings that this work has been written.

During the writing of this book I have benefited enormously from the tolerance of those who have allowed me to bend their ear on a regular basis and here I should like to make particular mention of Gavin Kitching, Nigel Allington, Paul Davies, Andrew Murray and several cohorts of long-suffering and unsuspecting students. I have also profited from the opportunity to try out some of my ideas in papers given at the North London Polytechnic and University College Aberystwyth. Yet it must be said that the book remains a work which has been conceived and written largely in isolation and is no doubt scarred by all the deficiencies of an intellectual enterprise carried through in such circumstances. For these deficiencies the author is, of course, solely responsible.

Noel Thompson
University College Swansea

NOTES

1. For a discussion of the intellectual influences upon the movements and figures which constituted the Christian socialist revival, see the brilliant study of P. d'A. Jones, The Christian Socialist Revival 1877-1914, Religion, Class and Social Conscience in late-Victorian England, Princeton University Press, 1968, 431-52.

2. G. Himmelfarb, 'Having all or nothing at all', Times Literary Supplement, 28 June, 1985, 726.

3. Though Gronlund's work has been described by one writer as, 'more a curious mixture of the authoritarian doctrines of Comteanism and Lassalleanism than any recognizable part of Marx,' A. Lipow, Authoritarian Socialism in America, Edward Bellamy and the Nationalist Movement, Berkeley, University of California Press, 1982, 60.

4. In any case these have been mercilessly and perceptively dissected in A.N. Nove's, The Economics of Feasible Socialism, London, Allen & Unwin, 1983, 10-65.

5. See below, p213,n60, see also Lipow's remark that 'Bellamyism was in every sense the American kissing cousin... to the bureaucratic socialism which the Webbs propounded', Authoritarian Socialism, 8.

6. 'Peter Kropotkin's anarchist theory of the 'free commune' offered one of the strongest theoretical foundations for the English communities in the late nineteenth century.' D. Hardy, Alternative Communities in Nineteenth Century England, London, Longmans, 1979, 166.

7. See Introduction.

8. M. Beer, A History of British Socialism, 2 Vols., London, Allen & Unwin, 1953, G.D.H. Cole, A History of Socialist Thought, 5 Vols., London, Macmillan, 1953-60.

INTRODUCTION

'the rise of the factory towns, the emergence of slums, the long working hours of the children, the low wages of certain categories of workers, the rise in the rate of population increase...the concentration of industries. We submit all these were incidental to one basic change, the establishment of the market economy', Karl Polanyi, *Origins of our Time*.¹

The question of when, historically, a market economy can be said to have emerged has been and will undoubtedly remain a matter of controversy. For Braudel, 'one can speak of a market economy... when prices in the markets of a given area fluctuate in unison' a definition which leads him to conclude that 'there was a market economy well before the nineteenth and twentieth centuries' for 'by the twelfth century they (prices) were fluctuating in unison throughout Europe'.² However, for all the characteristic richness of the evidence with which Braudel establishes the historical longevity of the market, it is nonetheless true, as Polanyi has argued, that while 'more than once before in the course of human history markets have played a part in the economy', it was 'never on a territorial scale or with an institutional comprehensiveness comparable to the nineteenth century'.³ For Polanyi, this 'comprehensiveness' manifested itself in a number of ways, but most importantly in 'the extent to which land and food were mobilized through (market) exchange, and labor was turned into a commodity free to be purchased in the market'.⁴ It was this wholesale commoditisation of labour and the elements and

means of attaining basic subsistence which, for Polanyi, distinguished the economic life of nineteenth century Britain from all previous epochs in the history of mankind, for it was this which permitted the market to insinuate itself into every aspect of man's material and social existence.⁵

There is much to be said in support of this view. Admittedly, as regards the commoditisation of labour, it is true, as Braudel has argued that 'the labour market - as a reality if not a concept - was not a creation of the industrial era'.⁶ In the case of Britain there is certainly plenty of evidence to substantiate such a proposition. The work of Clarkson has suggested that in the sixteenth and seventeenth centuries as high a proportion as two thirds of the urban and rural population were wage dependent and that by 1750 there existed a labour market in England so highly developed as to distinguish it from other European countries.⁷ However, if the nineteenth century did not witness the creation of wage labour *de nouveau* one can opine that the late eighteenth and early nineteenth centuries saw an acceleration and qualitative change in the process of proletarianisation. Specifically, this period witnessed an increase in the proportion of the labour force solely dependent for survival upon its capacity to sell its services in the market and also an increase in the importance of cash payments in the income of the labouring classes.

Over the period 1750-1850 both developments within agriculture and the rapid growth of the industrial sector increased the proportion of the workforce largely or wholly dependent upon wages. Thus, while it is now accepted that the enclosure movement of the late eighteenth and early nineteenth centuries did not lead to any wholesale displacement of labour from the land and thence to the creation of an urban proletariat, it did, by the destruction of customary rights and practices, remove the modicum of independence possessed by those whose furze-cutting, gleaning, fuel gathering personal plots and access to pasturage had provided a proportion of their subsistence.⁸ No longer was it possible to blunt the cutting edge of market forces by recourse to the subsistence, however meagre, directly provided by personal effort. The safety-net of self-subsistence had, by the early nineteenth century been largely removed so that complete destitution was the sole alternative to the successful transmutation of labour power into wages.

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Further, the progressive erosion of practices such as living in, meant that more agricultural labourers were forced to monetize their services in the market rather than enjoying the subsistence security which a paternalistic household economy might provide.

Structural change, too, played a crucial role in accelerating the commoditisation of labour, with the growing relative importance of manufacturing industry. Thus, according to Deane and Cole, the first three decades of the nineteenth century saw a significant fall in the percentage of the British labour force involved in agriculture, forestry and fishing, from 35.9% in 1801 to 24.6% in 1831 with a corresponding rise in the proportion of those employed in manufacture, mining and industry from 29.7% to 40.8%. In terms of absolute numbers this involved a slight increase in the agricultural labour force from 1.7 to 1.8 million while the numbers of those employed in manufacture, mining and industry more than doubled from 1.4 to 3 millions, the growth being particularly rapid in the post-Napoleonic war period.⁹

Thus early nineteenth century Britain saw the unparalleled growth of a substantial labour force almost entirely separated from the land and therefore from even the vestigial access to the means of subsistence still enjoyed by agricultural labour. Also, while it would be wrong to over-emphasise the beneficence of rural paternalism,¹⁰ the relationship between employer and employed in industry was mediated largely by market forces untrammelled by non-monetary and non-market considerations such as rights, duties and obligations. There was, therefore, no paternalistically provided cushion for those who, in times of economic difficulty, failed to monetize their services. The commoditisation of labour and thence the dominance of the market was more complete in industry than in agriculture, thus the structural shift in favour of the former involved a marked increase in the market's importance.

It was, however, not simply the rapid growth of an industrial labour force which accelerated the commoditisation of labour, it was also changes within the industrial sector itself. Important here was the fate of the independent producer. As early as 1776, Adam Smith wrote in *The Wealth of Nations* that while 'it sometimes happens that a single independent workman has stock sufficient both to purchase the materials of his work and to maintain himself till it be compleated...Such cases are not

very frequent, and in every part of Europe twenty workmen serve under a master for one that is independent'.¹¹ Though small-scale, artisan production persisted in many trades, the gradual spread of the factory system and the generally increasing size of industrial enterprises had, at least by 1850, substantially increased Smith's ratio.¹² Increasingly in industry, labour meant wage labour and 'the wages of labour (were) everywhere understood to be what they usually are, when the labourer is one person and the owner of stock who employs him another'.¹³

Finally as regards the growing proportion of market-dependent labour there is the vexed question of whether there occurred an increase in child and female participation. Here opinion is divided. Tranter, for example, has argued that 'The proportion of female and child workers in the gainful labour force probably rose in the course of the industrial revolution'.¹⁴ While Richards has insisted that they represented a fairly constant percentage of the occupied population until 1851.¹⁵ However, even if we accept the argument for constant proportions it is still legitimate to say that the absolute numbers of women and children entering the labour market would have increased substantially in the period 1750-1850.

To emphasise the increasing commoditisation of labour is not of course to suggest that in nineteenth century Britain the writ of the market ran unchallenged. As the popularisers of classical political economy were all too concerned to insist, the ignorance, bloody-mindedness and irrationality of the labouring-classes, exacerbated by the demagoguery and false political economy of their political and intellectual leaders served often to hinder the emergence of these free contractual relations which should obtain in the labour market. In particular, there was, before 1850, the continuing importance of customary labour practices and expectations in the process of wage-bargaining.¹⁶ However, while prescriptive labour rights existed and while they could serve to ameliorate the untrammelled blast of market forces, they were, in early nineteenth century Britain, subject to continual attrition and although as late as the 1840's a group such as the engineers might fix their wage demands by customary references rather than by what the market would bear, they were by that date very much the exception rather than the rule.¹⁷

In terms of general legislation this erosion of

rights manifested itself in measures such as the repeal of the apprenticeship (1814) and wage regulation clauses (1813) of the Statute of Artificers, 1583, though it should be said that this merely removed from the statute book what had already come to be largely ignored.¹⁸ More significant was the attack upon specific legislative provisions for the control of wages and prices in a particular trade such as the Spitalfields Acts, the demise of which in 1824 ended the legislative protection which had previously insulated the silk-weavers against the full rigours of market competition.¹⁹ Labourers such as these and the framework knitters saw their customary rights rapidly disappear into the rapacious maw of an expanding market economy.

In the context of customary rights, there was also the matter of perquisites which as many writers have pointed out remained important throughout the late eighteenth century. Thus the perquisites of the shipwrights, tailors, porters and weavers, usually in the form of 'waste' formed a proportion, sometimes significant, of their earnings.²⁰ Also, the custom of payment in kind by limiting the proportion of income received in cash, further reduced the participation of labour in a monetized economy. Such payments remained important in agriculture throughout the nineteenth century, but J.G. Rule has also cited the case of the stone quarrymen of Swanage in Dorset who were paid in stone, used stone as a means of payment and bread as a medium of exchange.²¹ However, the significance of perquisites diminished considerably during the nineteenth century and if contemporary commentators made mention of the continued existence of payment in kind to the quarrymen, it was because by 1850 their case was exceptional and so worthy of note. Increasingly the reward of labour was monetized; 'perks together with payments in kind slowly gave way to cash assessments and wages'.²² More and more, it was the money wage bargain struck in the market which was the crucial determinant of the labourer's standard of living the crucial datum of the labourer's material life. With this progressive commoditisation of labour, the dominant imperatives became, for the labourer, market imperatives and his struggle for existence became a struggle conducted in the market place with those who sought to purchase the use of his labour power.²³ Whether he might wish to laud or revile it, to stress its coercive or liberating effects, the market was something which, by the early nineteenth century neither

the labourer or those who sought to defend his interests could afford to ignore.

Yet for Polanyi, it was not simply the degree and scale of the commoditisation of labour which rendered qualitatively different the role which the market had come to play by the nineteenth century, but also the extent to which it was left free to price the very means of subsistence. As a consumer too, the labourer experienced the growing influence of the market.

The prime example here was the pricing of bread. Again there is no question of dramatic change but there seems little doubt that as the eighteenth century progressed the subsistence production of food gave way with the commoditisation of labour to a growing tendency to purchase it in the market.²⁴ In addition, while in the eighteenth century some control over food prices had been maintained by direct popular action, the paternalism of the better-off and parliamentary legislation, such constraints upon the free action of market forces were progressively removed. The practical effectiveness of the 'moral economy of the English crowd' diminished as with the proletarianisation of labour concern shifted from prices to wages. Further, the paternalistic political economy of provision began to disintegrate under the onslaught of Adam Smith and others who insisted upon the social and economic benefits of treating food as just another commodity to be left to find its price in the market.²⁵ In addition, the repeal of legislation such as that against forestalling, 1772, and the abolition of the Assize of Bread in London, 1815, removed the legislative buttresses of a moral economy with respect to food. Here again the market was assuming a growing importance in the lives of the labouring classes.

Finally, there was the growing importance of foreign trade. Increasingly it was not just the endogenously generated market forces which shaped the economic destiny of labour, but those which originated outside the confines of the domestic economy. One crude indicator of this is the rapid growth in the volume of exports which expanded roughly fivefold during the eighteenth century compared with a threefold increase in national income at constant prices. This growth was particularly rapid after 1780 as was that of imports after 1760 when they 'entered a phase of rapid and sustained growth which gathered increasing momentum as the century wore on.'²⁶ Thus in terms of the

numbers it directly and indirectly employed, its contribution to the national product, the structural changes it effected and the general dynamism it imparted to the economy, foreign trade made an increasing impact upon the lives of labour. In many respects this impact would have been experienced as something positive. Expanding trade meant increasing employment opportunities and, ultimately, a wider range of cheaper products for the consumer. Again, however, in expanding the influence of the market it created new pressures and added a new dimension to the uncertainty of economic life both through the heightened risks involved in an increasing reliance upon external markets and, as early nineteenth century silkweavers could testify, through the intensification of competition as foreign trade was gradually liberalised in the 1820's and 1840's.

Both as producer and consumer, therefore, the labourer felt increasingly the impersonal and unnerving touch of market forces as he became more and more enmeshed in the fine-spun, intricate web of a monetized economy. Purchase and sale, supply and demand became the parameters of his economic and social life. It was the market which, for the labourer, was the volatile bearer of prosperity or destitution; it was the market which determined the nature of his social relationships; the market which tied him to or alienated him from others distinguishing friend from competitive or social foe; the market which conferred status or, as with the handloom weavers, destroyed it. Above all, it was the harbinger of a new uncertainty, one which palpably derived from the errant market behaviour of men rather than the vagaries of nature, the bellicosity of nations or the wrath of God; an uncertainty which took the form of market-generated, macroeconomic fluctuations which were qualitatively different from those which prior to 1800 had been largely precipitated by natural disasters.²⁷ For the labouring-classes, therefore, and for those socialist and anti-capitalist writers who sought to defend their interests and effect a fundamental transformation of society, the market was the central fact of economic life. For those who sought an alternative to existing economic arrangements, one which would yield a material sufficiency to those who laboured, the market could not be ignored. It is with their reaction to its growing importance and the consequences of that reaction for the evolution of socialist thinking in Britain, that the

following chapters are concerned.

NOTES

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2. F. Braudel, Civilization and Capitalism, 3 vols., London, Collins, Wheels of Commerce, 1982, Vol. 2, 227.
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6. F. Braudel, Wheels of Commerce, 52.
7. L.A. Clarkson, 'Wage labour, 1500-1800' in K.D. Brown The English Labour Movement, 1700-1951, Dublin, Gill and Macmillan, 1982, 1-3.
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11. E. Fox-Genovese, 'The many faces of moral economy: a contribution to a debate', Past and Present, 58, 1973, 160-168.
12. A. Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, (ed.), R.H. Campbell, A.S. Skinner and W.B. Todd, 2 vols., Indianapolis, Liberty Classics, 1981, Vol. 1, 83.
13. On this point see J.G. Rule, The Labouring Classes in Early Industrial England, 1750-1850, London, Longmans, 1986, 7-13.
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15. N.L. Tranter, 'The labour supply 1780-1860' in R. Floud and D.N. McCloskey, (eds.), The Economic History of Britain since 1700, 2 vols., Cambridge University Press, 1981, Vol. 1, 207.
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17. E.J. Hobsbawm, 'Custom, wages and work-load in nineteenth century industry' in Labouring Men, Studies in the history of labour, London, Weidenfeld and Nicolson, 1964, 344-70.

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17. J.G. Rule, The Labouring classes in Early Industrial England, 119.
18. I.K. Derry, 'The repeal of the apprenticeship clauses of the Statute of Apprentices', Economic History Review, 3, 1931-2, 67-87.
19. J.H. Clapham, 'The Spitalfields Acts, 1773-1824', Economic Journal, 20, 1916, 459-71.
20. For a discussion of this see J.G. Rule, The Labouring Classes in Early Industrial England, 116-7.
21. *ibid*, 107.
22. J. Brewer, N.M. McKendrick, and J.H. Plumb, The Birth of a Consumer Society, the commercialization of eighteenth century England, Europa, 1982, 206.
23. Thus, as E.P. Thompson has pointed out, while eighteenth century social conflict was most often precipitated by movements in the prices of commodities, particularly grain, such conflict 'in nineteenth century England found its characteristic expression in the matter of wages', 'The moral economy of the English crowd in the eighteenth century', Past and Present, 50, 1971, 79.
24. J. Brewer, N. McKendrick and J.H. Plumb, The Birth of a Consumer Society, 206; on this point see also F. Braudel, Afterthoughts on Material Civilization and Capitalism, Baltimore, John Hopkins University Press, 1977, 16-17.
25. I. Hont and M. Ignatieff (eds.), Wealth and Virtue, the shaping of political economy in the Scottish enlightenment, Cambridge University Press, 1985, 14-19.
26. A.W. Cole and P. Deane, British Economic Growth, 1688-1959, trends and structure, University of Cambridge, Department of Applied Economics, Monographs, 8, Cambridge University Press, 1962, 46-7.
27. 'the differences in degree between that cycle (1788-93) and those of the twenties, thirties and forties are impressive', A.D. Gayer, W.W. Rostow and A.J. Schwartz, The Growth and Fluctuation of the British Economy, 2 vols., Oxford, Clarendon, 1953, Vol. 2, 568; 'Industrialisation made for greater variations in the level of unemployment attributable to changes in business demand conditions...there were cyclical peaks in industrial unemployment every four or five years', P.K. O'Brien and S.L. Engerman, 'Changes in income and its distribution during the industrial revolution' in R. Floud and D.N. McCloskey (eds.), The Economic History of Britain, Vol. 1, 171; 'the growing relative importance of capital investment and of the coal and iron industries must have involved an increase in the proportion of the total population affected by business fluctuations.' A.D. Gayer, W.W. Rostow and A.J. Schwartz, The Growth and Fluctuation of the British Economy, Vol. 2, 571.

PART I

THE BIRTH OF A MARKET ECONOMY

Chapter 1

Physiocratic Anti-Commercialism

(Charles Hall, Piercy Ravenstone and William Godwin)

It is one of the distinguishing characteristics of nineteenth century British and socialist economic thinking that many of the currents which fed the ideological mainstream had their inspirational source in an ahistorical, imaginatively reconstituted agrarian past. Such writing exuded a revulsion for the social and economic developments which accompanied the rise of industrial capitalism and was marked by a determination to expunge them from rather than accommodate them within any vision of the new Jerusalem. One may speculate at length on the underlying motivation for this kind of thinking which, as is shown by the tradition of the Norman Yoke, is not confined to those writing on economic and social questions.¹ It is, perhaps, at root an expression of angst; the angst of those who cannot accept the direction of historical change and who therefore wish to obliterate the possibility of change per se. They seek to recreate a world putatively lost, to freeze history at some notional moment in time and so eliminate the uncertainty, the instability, the anxiety which change inevitably engenders.

In most cases it is both easy and justifiable to categorise and dismiss such aspirations as utopian. They can be seen as a product of the imagination rather than historical understanding and while they may serve an inspirational purpose, they throw little light on the theoretical and practical problems of how the transition to a more just and equitable society can be effected. Yet if there are those who can be condemned because their craving for the security of the static and eternal blinded them to the dynamic potentialities of industrial capitalism, there are also those who, because they lived on the cusp of the industrial transformation

of Britain and saw only the shadow of things to come, cannot be so censured.

For writers like Hall, Ravenstone and Godwin, the triumph of industrial capitalism did not have about it the air of historical inevitability with which, in hindsight, it can be imbued, and it had not, in the period in which they wrote, established the mould for subsequent economic development which it had certainly created by the time of the Great Exhibition. If their vision of the future involved the imaginative recreation of an agrarian past then it was a past which in broad outline was not remote and if the present was not as malleable as they believed, society and economy in Britain were more malleable than they were later to become. Given this, it was not entirely illegitimate to interpret the growth of industry and trade within a competitive capitalist integument as a reversible deviation from a natural order which was essentially simple, subsistence oriented and agrarian. When they wrote, power in almost every respect was rooted in the soil. Political power resided in a Parliament dominated by the landowning class while in economic terms agriculture was and remained for some time the dominant economic sector both in terms of its contribution to the national product and its employment of labour.² Thus it is not surprising that for these writers the expansion of manufacturing and commercial activity could be dismissed as a temporary aberration which had its unnatural roots in the maldistribution of landed property and thence wealth. Once this maldistribution had been remedied the greater part of such economic activity would cease, society would return to its natural agrarian foundations and prosperity would be restored.

As Hall saw it, contemporary ills and, in particular, the impoverishment of labour could be traced to an unequal distribution of land which had originated in individual appropriation by 'some daring spirits' of what had previously been 'common to all'. 'No person,' he wrote, 'could originally have exclusive right to any portion of the land, except perhaps to such a quantity of it as was to furnish himself and family with the necessaries of life; for, to that quatum of the *produce* he had a right in its common state.'³

Once land had been seized, once the natural right of individuals to the land necessary to furnish subsistence had been violated, the way was clear for the exercise of coercive economic power by those 'daring spirits' whose appropriations had been

successful. For, with the land went the acquisition of 'all things as compose wealth' and 'the collected number of persons who possess the aggregate quantity of all such things' had 'command and direction of the labour of those who are not possessed of any of them.' Thus, while 'no individual of the poor (was) obliged to work for any individual of the rich.... for one or other of them he is obliged to work under the penalty of their withholding from him the things without which he cannot live.'⁴ For the landless labourer there was therefore 'an absolute necessity, under the penalty, the heaviest of all penalties, namely the deprivation of such things as are necessary to his and his family's existence, for his submitting to the things thus imposed upon him to do.'⁵

It was this aggregation of economic power and the complementary authority to direct labour which led, Hall believed, to the growth of manufacturing enterprises and the expansion of a type of commercial activity which sought to satisfy and to profit from the increasingly diverse, sophisticated and depraved demands of the assessors of wealth. For, 'as the quantity of the necessaries of life, that are or can be consumed by the rich, are limited and in the purchasing of which a small part only of the wealth can be expended, the surplus they are naturally inclined to lay out in procuring the conveniences, the elegancies and luxuries of life,' and 'as these are the produce of the more refined manufactures of different kinds...a greater proportion of the labouring-classes is forced to apply their industry in the various fine manufactures in which they can only get employ. By these means hands are drawn off powerfully from agriculture and such coarse manufactures as produce the things they themselves make use of.'⁶ In short, therefore, the growth of market-oriented manufacturing activity had resulted in the skewing of the nation's productive resources away from the provision of basic subsistence towards the production of luxuries and semi-luxuries and this, not natural causes, was the major reason for the dearth and distress which the labouring-classes experienced.

In addition manufacturing and commerce also provided further scope for the appropriation of labour's product. For Hall, 'trade' or 'traffic' involved the 'buying and selling (of) articles already produced by the poor.'⁷ These articles are all the product of the hands of the labourers, manufacturers etc., from whom they are obtained for

less than their full value; a profit otherwise could not be made on them. The tradesman, therefore, shares or takes part of the fruits of the labour of the poor.' What gave him the economic power to do so was his possession of 'capital' which for Hall represented 'stores of such articles as they get up by means of the labour of artificers that work under them,' control over these artificers being secured by a de facto ownership of a certain area of land and the subsistence which it produced. Thus because these manufacturers/tradesmen were in possession of 'such things as the possessors of the necessities of life (landowners) stand in need of' they 'may be considered as possessed of a certain share of the land, and the produce of it. They have a claim on it resembling that of a mortgagee, who has a property in land equal to the interest of the sum he advances on it; that is, he has a claim on a part of the productions of it to that annual ammount. Now, therefore, this capitalist, this manufacturer, is in reality a possessor of land, and like him, has in his power and disposal a certain quantity of the necessities of life...The manufacturer therefore forces his workmen to work for him, and to give him a share of what the work produces, in the same manner as...the proprietors of land or possessors of the necessities of life do.'⁸

Here Hall builds his anti-capitalism, as Ravenstone was to do, upon physiocratic foundations. Thus he saw the acquisition of fortunes in commerce and manufacturing as in reality nothing but a participation in the spoils derived from landed property which is 'the basis, the source and the substance of all wealth.'⁹ The income accruing to manufacturers and traders derived, therefore, from profits-upon-alienation i.e. as their wealth could not be derived from 'productive' activity it must necessarily result from the disparity between buying and selling prices. Hall seems to have seen the manufacturer/tradesmen - he uses the terms interchangeably - as a middleman in some kind of putting out system, buying raw materials cheap, 'selling' them dear to the outworkers, 'buying' the outworkers product cheaply and selling it dear to the landowner. At best these merchant-manufacturers facilitated the transference or transmutation of wealth, at worst they were simply parasites living upon the economic surplus generated in the agricultural sector.

In addition their activity necessarily engendered social antagonism and conflict. Thus for Hall it was 'obvious that the interest of the buyer

and seller is, in every case, opposite. It is the interest of the buyer to give as little for what he buys as he can get it for. It is the interest of the seller to get as much for what he sells as he can get for it.¹⁰ These manufacturer-merchants were in essence traders and trade, for Hall, was effectively a zero-sum game and what was true in the market for commodities was also true of the market for labour. Thus, 'Every rich man is to be considered as the buyer and every poor man as the seller of labour. It is for the interest of the rich man to get as much of the work of the poor man and to give as little for it as he can; in other words to get as much of the labour and to give the labourer as little of the produce of that labour as he can help.'¹¹ The economic relations engendered by this market-oriented behaviour were therefore necessarily exploitative and the social relations necessarily antagonistic. To the extent that the market expanded, therefore, to that extent would exploitation increase, social divisions widen and social conflict intensify.

Hall did notice the argument that market competition would ensure that neither the interests of labour nor those of its employers would prevail but he dismisses such a conception of how the market functioned as a theoretical fiction. The inherent asymmetry of the market, the gross disparity in bargaining power between those who demanded labour and those who supplied it meant that, 'There was no voluntary compact equally advantageous on both sides, but an absolute compulsion on the part of the masters and an absolute necessity on the part of workmen to accept it.'¹² In such circumstances the will of the master must prevail and entry into the market must ultimately entail the impoverishment of labour.

This growth of the market economy with its concomitant expansion of manufacturing activity oriented to the provisions of luxuries had, for Hall, further damaging social, political and psychological repercussions. Thus manufacturing rendered labour 'more tedious, more dangerous, more injurious',¹³ 'The employments of manufacturers (were) all injurious to the health of the body' due to their 'sedentary nature', 'the forced and unnatural postures of the body required in many trades' and the 'unwholesome atmospheres, rendered nauseous and putrid from the filth of the rooms and from the exhalations of their (labourers) own bodies; as well as from the effluvia of the substances they

work on.'¹⁴ In addition the division of labour and the consequent tedium of the repetitious tasks labour was called upon to perform rendered the labourer, and here Hall quoted Smith, 'as stupid and ignorant as it is possible for human nature to become.'¹⁵ In his own words 'manufactures' tended 'to the utter exclusion of all rational improvement of the mind'; 'they lessen the stature of man: they mishape his body: they enervate and diminish his strength and activity and his ability to bear hardships - they depress the spirit and vigour of his mind.'¹⁶ Further the growth of market-oriented manufacturing activity tended to weaken and, ultimately, destroy the state by reducing the number of citizens which it could support and by depriving the ever increasing numbers of the poor of any interest in its territorial integrity. The expansion of manufacturing and the related growth of commercial activity and the importance of the market were, therefore, to be regretted and condemned. Far from being indicative of the economic strength of the nation, Hall saw them as a 'cause and sign' of a nation's impoverishment.¹⁷

Ravenstone too built his anti-capitalist political economy upon physiocratic foundations, apparent both in *A Few Doubts...on the subjects of Population and Political Economy*, 1821 and his *Thoughts on the Funding System and its Effects*, 1824. Manufacturing and general commercial activity were seen as essentially unproductive. 'Traders and artificers,' he wrote, 'equally come within the class of idlers...They are not less dependent for their subsistence on the cultivator. It is only because others produce more than they consume that they exist at all...Theirs is not a substantive industry. It has no value but what it derives from the labour of others.'¹⁸ Manufacturing represented simply the transmutation of the surplus created by labour into a different physical form. Those involved in manufacturing added 'nothing to stock: they only modify what already exists...Every manufacture, however ingenious...resolves itself at last, though frequently through many indirect and hidden channels into the subsistence of those who are employed in or connected with its production'.¹⁹ 'Valuable as they may be considered, the produce of our manufactures has no intrinsic worth - no exchangeable value but that which is given them by the surplus of the cultivator's labour.'²⁰ Similarly with trade, the profits earned by those involved in commerce did not add to the wealth of

the country, they merely redistributed what already existed. 'The profits of the merchant,' wrote Ravenstone, 'are then no addition to the wealth of the country; they only vary its distribution; the merchant can gain nothing but what is lost by the consumer.'²¹ It was therefore the case too that the accumulation of industrial and commercial profits as capital did not represent any real addition to the resources or the economic prosperity of the community. 'Capital' was 'no addition to the wealth of a nation; it conduces nothing to the improvement of its industry; it is merely a new distribution of the property of society beneficial to some solely because it is injurious to others'; 'capital' was, therefore, 'only a transfer of the earnings of the industrious to the idle.'²²

If then only productive activity in agriculture was capable of generating an economic surplus, how did industrial and commercial profits arise? For Ravenstone, they had of course to be derived in some manner from the surplus exclusively created by agricultural labour. Thus, 'Both rent and profit, both property and capital equally arise from the surplus produce of the cultivator's labour. The only difference between them is, that one shares directly, the other indirectly in the earnings of the productive labourer.'²³ So how was this transfer effected? First and foremost it resulted from the expenditure of the landlords upon the luxuries produced by indigenous or foreign manufacturing enterprises. This allowed industrialists and traders to secure part of the rental surplus which accrued to the landlords. These rents arose in consequence of the violation of a natural right of property and the creation of an artificial one; a violation which Ravenstone traced back to early, patriarchal societies. In such societies those wielding patriarchal authority would claim a share in the produce of labour without actually labouring themselves and this claim would, as Ravenstone saw it,

come to be considered a form of property... time will have sanctified this usurpation on the common rights and all the conditions of slavery will have been established. As each society subdivided, the original chief will still continue, though no longer having any share in the internal management of their labours, to claim a portion of the fruits of...industry...As numbers increase, as original institutions are lost sight of,

that acknowledgement which was paid for the trouble of management will come to be exacted in right of ownership of the land. The land will be supposed to have a value independent of the labour exerted upon it; its property will come to be considered as being in him who has hitherto exercised a power over the society...In this way will be formed two distinct classes of men - those who labour and those whose means of subsistence are derived from the labour of others.²⁴

The expansion of industry, trade and the consequent growth of a market economy resulted, therefore from this fundamental social division which in entailing the exaction of rents and permitting the expansion of rental income enabled an increasingly powerful landowning class, through the medium of the market to effect the transmutation of food into luxuries, productive into unproductive activity. It was rents which gave industry and trade their dynamic; it was rents which provided these sectors with the profits necessary for expansion. Thus 'the increase of profits...proceeds entirely from the increase of rents...the rent of land is the measure which regulates the profits of trade...Where rents are low, the profits of trade will be small.'²⁵

Ravenstone also linked the growth of the market economy and the expansion of unproductive commercial activity and profits to the increase of taxation and, in particular, indirect taxation in the post-Napoleonic war period. Thus he saw an increase in indirect taxation as having produced a rise in prices and the destruction of much domestic enterprise. The first of these developments led to an unwarranted increase in commercial profits as traders imposed their percentage mark-ups upon a higher overall level of prices; the second artificially and unnecessarily increased the volume of foreign trade with all the waste that such an unproductive activity involved. As a result of 'Excessive taxation on articles of consumption...We now literally deserve the reproach of the French, we are really a nation of shopkeepers; they form the largest class of our population; their profits greatly exceed the rent of land...Since the commencement of the late war the great profits of shopkeepers in England has far more than doubled their numbers...The increased money price of every

article, the great addition which taxation has caused in the value of many of them, the greater number of articles of commerce which the destruction of all domestic manufactures has created, has augmented the numerical amount of commercial transactions not less than fivefold.²⁶

Like Hall, therefore, Ravenstone challenged the idea that the growth of markets and commercial activity was either a symptom or cause of national prosperity. On the contrary, for Ravenstone the expansion of market-oriented activity was an aberration, an alien, cancerous growth deriving sustenance from the malign exercise of political power, by those whose interest lay in increasing taxation and, more importantly, from the extension and exercise of the 'artificial' rights of property enjoyed by the landowning classes. Far from establishing the basis for increasing prosperity, the expansion of a market economy further impoverished labour as resources were switched from productive, agrarian to unproductive industrial and commercial activities. Thus as Ravenstone saw it, 'The increase in the population of England has been entirely in the unproductive classes; in the rich and in those who administer to their wants; in the inhabitants of towns; in menial servants and in manufactures of different descriptions.'²⁷ In addition the growth of a market economy allowed new burdens to be placed on labour for it accelerated the accumulation of 'capital' which stood 'in the same relation to the industry of the artisan, which the land does to the industry of the cultivator; (it)form(s) a rent charge on the industry of society.'²⁸

Like Hall Ravenstone believed it was this 'rental' income accruing to capitalist and landowner and the misallocation of productive resources which it brought about, rather than any Malthusian tendency for population to outstrip the growth of available subsistence, which condemned a large part of the population to dearth and distress. As he phrased it 'population (had) appeared to exceed the means of subsistence only because too small a proportion of the society has been employed in production,'²⁹ i.e. because too small a proportion had been employed in agriculture 'the most valuable and most profitable mode of employing industry.'³⁰ It was, therefore, the increasingly commercial, industrial, market-oriented nature of economic activity in Britain which had prevented the real wealth of the nation expanding in line with additions to its population.

Ravenstone and Hall have, therefore, much in common as far as their critical analysis was concerned. They were both part of that physiocratically rooted, anti-industrial and anti-commercial tradition of economic thinking which found expression in the works of writers such as John Gray and William Spence³¹ and in many of the articles of the *Quarterly Review* and *Blackwood's Magazine*, particularly those of the Rev. Edward Edwards whom Dorfman has argued is Ravenstone minus the pseudonym.³² Both Hall and Ravenstone saw the recent economic history of Britain in terms of a harmful skewing of the nation's productive capacity in favour of manufacturing and commercial activity and both viewed manufactures as a parasitic growth upon a maldistributed agricultural surplus, with capital representing simply the metamorphosis of this surplus into a different, harmful form. Both too saw the origin of the social and economic evils which existed as deriving largely from the manner in which landed property had come to be distributed.

In addition, for Ravenstone, the market engendered social antagonism and conflict. Like Hall he saw commercial activity as a zero sum game where one individual gained only to the extent that another lost. Such a view of the market and market directed activity is implicit in Ravenstone's understanding of the origins of commercial capital which could only accumulate to the extent that 'capitalists' gained at the expense of labour. Thus, 'Its amount will increase or diminish exactly in proportion to the greater or lesser share in the earnings of labour which is allotted to profits or wages. Where wages are high there will be little capital; where they are low it will be abundant' and similarly capital could 'only increase by the degradation of industry' it could 'only be diminished by increasing the reward of industry.'³³ In the exchange of labour for capital, therefore, the buyer could only gain to the extent that the seller lost. The growth of the market and commercial activity therefore threatened to loosen those bonds, cemented by trust, notions of equity and a sense of mutual obligation which had previously held society together.

Where these writers differed was with respect to the remedies which they suggested. What Hall looked to was a more equal distribution of land for 'if every person had an allotment of land, the labour of the people would remain free and under their own direction and the necessities of life

would be attainable by everyone.³⁴ For Hall, no one 'ought to be cut off from the possession of some part or other of the earth and that in such quantity as to furnish him with the necessaries of life.'³⁵ For to deny man access to the soil was to deny him his natural right to existence.

Ravenstone, in contrast, specifically rejected the idea of an equal distribution of landed property arguing that 'a society built upon such a foundation cannot long hold together.' In addition, he dismissed the idea of land nationalisation on the grounds that 'What was property to all would in fact be property to none' and that therefore, 'The best gifts of nature would be thrown away by the impossibility of making any use of them.' Further the Owenite solution of a community of possessions was condemned on the grounds that 'Such a state of society can never be upheld but by the strictest regulations, the most vigilant police; there must be government to administer the common property and that government must in fact be a tyranny.'³⁶ So agrarian radical and socialist solutions received short shrift.

Yet if quick to dismiss the suggestions of others, Ravenstone was slow to advance his own practical remedies in anything but a tentative fashion. What he put forward was indeed little more than a hesitant plea for fiscal reform which would effect a switch from indirect to direct taxation. Thus Ravenstone argued that as 'Rent, taxes and capital (had) grown out of proportion to the income of the country. We must reduce these costly appendages (and)...The simplest mode of bringing about this desirable change, would be to repeal all taxes on consumption and to lay our impositions solely on property.'³⁷ This would, he believed, have the immediate effect of reducing taxation as those who imposed such fiscal exactions would be those upon whom such a tax would be levied. It would also reduce the rental share of the national income as taxes were shifted to landed property thereby diminishing the volume of capital because expenditure upon manufactured goods would fall *pari passu* with rents. This in turn would attenuate the volume of commercial activity.

Ravenstone's objective was, therefore, to circumscribe the market through fiscal reform. To the extent that this was achieved the material condition of the people would improve as less of the nation's resources would be devoted to unproductive activity. Ravenstone also believed that to the

extent that labour was employed in agriculture the importance of the market would diminish. For, where the whole of population was engaged in agricultural activity, there would be little or no market for agricultural produce and to the extent that this was the case, 'The landlord is obliged to take his rent in kind, or to commute it for services³⁸ and this, Ravenstone believed, would necessarily limit the scale of his exactions. Thus in so far as labour was employed in agriculture the market for agricultural produce would be limited, to the extent that it was, rents would diminish and to the extent that rents fell the market for manufactured produce and thence commerce generally, would necessarily contract. This was the kind of virtuous circle which Ravenstone sought to initiate.

However, if their nostrums differed, their general conceptions of the ideal society were remarkably similar. Hall's vision was one of a society dominated by small, independent and largely self-sufficient peasant proprietors who, for the most part, reaped and consumed what they had sown, whose accumulations of wealth never assumed proportions which would give them the opportunity to exercise economic power coercively and who had neither the inclination nor the capacity to improve their material lot by any other means than labour. As Hall saw it, '...if the labourer himself had land, he would employ a very great part of his time on that land and the remainder in producing coarse clothing etc. for himself and his family.'³⁹ Thus manufactures would exist only in so far as they directly satisfied the needs of those involved in them; all production would be oriented to the direct satisfaction of the needs of the producers rather than the desires of the unproductive expressed through the market. For Hall, therefore, the economic role of the market would atrophy to a point where it became negligible and rightly so as the attenuation of the market would both reduce the numbers of those engaged in unproductive market-oriented activity, eliminate the sources of deviously acquired mercantile wealth and remove the mechanism whose signals resulted in the misallocation of the nation's resources.

Self-sufficiency would obviate the need for market exchange and even if individual producers were not entirely self-sufficient, Hall believed that the parish would be. Thus he wrote that, 'If property was equally divided and there was no rich, the inhabitants of a parish would seldom be led out

of their parish for any thing they wanted, every place would produce every thing there was a real occasion for.'⁴⁰ There was, therefore, little place for large-scale manufacturers, less for trading capitalists and less still for those engaged solely in buying and selling, in Hall's vision of the future. Thus even though he recognised the benefits which might be derived from the international division of labour which commerce permitted, foreign trade was to be limited to a few medicines such as 'Peruvian bark, opium, wine...a few ships yearly' bringing in the quantity required.⁴¹

Hall's vision was of a simple, equitable, frugal, agrarian economy and society from which all the elements of antagonism and uncertainty⁴² which characterised existing arrangements had been removed. Given the existing dearth of necessities 'a violent struggle is excited: every man strains every nerve; every man's interest becomes opposite to every man's. Hence eager competitions, sharp contentions, frauds, oppression.'⁴³ By contrast, in Hall's agrarian ideal 'what a man had, would be little liable to be taken from him by another, all strife about *meum* and *tuum* would nearly be at an end.'⁴⁴ A frugal agrarian economy would therefore provide the requisite basis for social stability and harmony.

Ravenstone too had a vision of a country where 'every land-holder supplied(d) nearly all his wants from the produce of his land.' In such a situation where 'there is little to sell, the number of traders (would) be small; there would be no fortunes suddenly made by trade; none of those transfers of property from old families to new adventurers...none of the perpetual turmoil, that constant anxiety in men's minds to change their condition which is mistaken for industry. As every man's condition will be more accurately marked out, as the opportunities for placing himself in a different class of society will be few, he will rest more contentedly in his own...Each man under his own roof will manufacture what is required for his own use. Though there will be few traders there will be no want of commodities; but they will be consumed in the spot where they are grown. They will not pass from the farm to the shop, only to pass from the shop to the farm. There will be no capital but there will be no want of employment for industry.'⁴⁵

Ravenstone's ideal with its emphasis on a stable social hierarchy and negligible social mobility lacks the egalitarian flavour of Hall's society of

small, independent proprietors.⁴⁶ Ravenstone saw social cohesion and stability as deriving from the maintenance of social divisions, rather than, as with Hall, from their dissolution. For all that the similarities are great, Ravenstone's ideal society was, too, a society of largely self-sufficient agrarian producers no longer prey to the instability, anxiety, 'perpetual turmoil' created where the market was left free to bestow and destroy fortunes in a manner as arbitrary as it was unjust. As with Hall too, the market was destined to wither and with it all the social and psychological evils which it engendered. This atrophy of the market was the necessary prerequisite for prosperity. It was when 'the nation could boast of nothing but the richness of the soil; when its trade was carried on by the capital of Holland, (that) it was great among the powers of Christendom.'⁴⁷ With such sentiments Hall would have been in hearty agreement.

It is this vision of an atrophying market; this desire to reverse the expansion of trade and commerce and eliminate the market's economic role which Hall and Ravenstone share with Godwin. It is not my intention here to discuss his possible influence upon these writers but certainly there is much in Godwin's discussion of matters economic and, in particular in the prescriptive aspects of his thought, which parallels that of Hall and Ravenstone.⁴⁸

For Godwin the social, political, economic and moral ills which pervaded late 18th century Britain had their roots in the unequal distribution of wealth. The aggregation of wealth in the hands of a minority had inculcated 'a servile and truckling spirit'⁴⁹ in the population. By exhibiting a continual spectacle of injustice the maldistribution of wealth created 'wrong propensities' and hostility to right ones.' In such circumstances, 'To acquire wealth and to display it is...the universal passion. The whole structure of human society is made a system of narrowest selfishness.'⁵⁰ Further, the skewed accumulation of wealth put Man's intellectual faculties to degraded use, engaging them in the sordid pursuit of material gain. As Godwin put it, 'Accumulated property treads the powers of thought in the dust, extinguishes the spark of genius, and reduces the great mass of mankind to be immersed in sordid cases.' Also, 'The fruitful source of crimes consists in this circumstance, one man's possessing in abundance that of which another man is destitute'⁵¹ while social antagonism and unrest had a similar origin, conflict deriving from

attempts to regain what the wealthy had acquired by force.⁵²

At an economic level Godwin, like Hall and Ravenstone saw the unequal distribution of wealth as producing a hypertrophied demand for luxury goods desired not for any real utility which they yielded but rather, argued Godwin, for 'that love of distinction' which, in contemporary circumstances manifested itself in 'the exhibition of wealth.'⁵³ What these 'costly gratifications'⁵⁴ did was to impose upon one part of society, the poor, the labour of providing that which was to be consumed by another, unproductive part of society - the rich. Thus luxuries could be procured only by condemning a great part of the population 'to slavery and sweat, incessant drudgery, unwholesome food, continued hardships, deplorable ignorance and brutal insensibility.'⁵⁵ They 'abridg(ed) multitudes of men to a deplorable degree in points of essential moment that one man may be accommodated with sumptuous yet insignificant luxuries.'⁵⁶ It was, therefore, the 'love of distinction' expressed through the acquisition and display of wealth which caused the impoverishment and oppression of the labouring part of society and it was this too which had caused the growth of a market economy and the expansion of commercial activity, 'It is for this that the merchant braves the perils of the ocean and the mechanical inventor brings forth the treasures of his meditation.'⁵⁷

Godwin argued, however, that 'the love of distinction is capable of different directions' and where 'the direct and unambiguous road to public esteem...be the acquisition of talent, or the practice of virtue, the cultivation of some species of ingenuity, or the display of some generous and expansive sentiment...the allurements that now wait upon costly gratification would be, for the most part annihilated.'⁵⁸ Where, there existed, therefore, a just and rational society, which bestowed esteem and distinction in proportion to an individual's contribution to the social good, the pursuit of material gain would cease to be the prime motive force of human activity. Such a transformation in human motivation and behaviour, Godwin believed, could and would be secured through the progress of human reason. Where Hall and Ravenstone looked to economic reform, Godwin's optimistic rationalism led him to locate the possibility of social transformation in the exercise of man's rational faculties.

For Godwin one of the essential hallmarks of such a society perfected by human reason would be its simplicity.⁵⁹ Simplicity in terms of its social and economic organisation and simplicity in terms of the material needs or demands of its members which would be limited to a basic material subsistence and 'the means of intellectual and moral improvement.'⁶⁰ In the words of one writer it was to be a 'frugal agrarian economy'⁶¹ an ideal which implicitly and explicitly presupposed the withering away of the market. Thus while Godwin recognised the importance of the division of labour and while, in contrast to Hall, his ideal was not that of a society of independent self-sufficient producers, he believed that where 'men shall learn to deny themselves partial superfluities' the extent of the division of labour and the need to exchange would be greatly diminished. 'From what has been said', he wrote, 'it appears that there will be a division of labour if we compare the society in question with the state of the solitaire and the savage. But it will produce an extensive simplification of labour if we compare it with that to which we are at present accustomed in civilized Europe.'⁶²

Further, Godwin was quite explicit that those transactions between individuals which did prove beneficial would not assume the form of market exchange. 'Shall we then introduce barter and exchange? By no means. The moment I require any further reason for supplying you than the cogency of your claim, the moment in addition to the dictates of benevolence I demand a prospect of reciprocal advantage to myself, there is an end to that political justice and pure society of which we treat.'⁶³ There was to be no barter or exchange but only giving and receiving for reasons of benevolence rather than gain.⁶⁴

Again, as with Hall and Ravenstone, the picture painted is one of a simple, frugal, agrarian economy where productive activity is taken up with the provision of life's necessities rather than the satisfaction of artificially contrived demands. In this sense though Godwin is more radical, he attempts to establish economic intercourse upon an altogether different basis. For, while Hall and Ravenstone simply sought to curtail the role played by the market to the point where the functions it performed were of negligible significance, Godwin looked to its complete abolition in consequence of the informed and ethically motivated reciprocity which would pervade a truly rational society. Thus

exchanges, where they were necessary would be governed by a reciprocal recognition and articulation of needs which no longer required to be mediated by the market.

A just, rational, equitable society could not be reconciled with market exchange and commercial activity. For example, those involved in commerce had inevitably to pander to the caprices of those wealthy enough to purchase their products. Their *raison d'etre* became that of studying 'the passions of (their) customers, not to correct, but to pamper them.'⁶⁵ To do that successfully they had to deploy flattery and systematic deceit and acquired in the process that 'servile and truckling spirit' which Godwin deplored. Indeed Godwin attacked the whole commercial ideal of pursuing and maximising material gain as something which promoted corruption, dishonesty, sycophancy and poverty. Self love could not be reconciled with social through the intermediation of the market. Rather the self-interested pursuit of gain could only succeed 'by inhumanly trampling upon the interest of others. Wealth is acquired by overreaching our neighbour, and is spent in insulting him.'

So having to a greater or lesser extent dispensed with the market on what basis was economic calculation with respect to distribution, allocation and pricing to proceed? Here, the ideal of a frugal agrarian economy allowed Godwin, Hall and Ravenstone for the most part, to ignore such questions. Having by-passed the market in the way that they did they were not obliged to replace it with anything else. Thus where, as with Hall, the emphasis is upon small-scale, self-sufficient producers, the question of pricing does not arise. In such circumstances reward is correlated with the efforts of individual producers and allocative decisions will be directly determined by the needs of the producer. Similar consequences follow where, as with Ravenstone, the objective is that, 'Each man under his own roof will manufacture what is required for his own use' and where 'commodities', 'Will be consumed on the spot where they are grown.'⁶⁷ Even where the ideal of self-sufficiency was seen in parish rather than individual terms, the scale and simplicity of economic activity would have allowed calculation to proceed in terms of the direct matching of needs with resources without recourse to a pricing mechanism.

For Godwin, who recognised the importance of the division of labour and the need to exchange,

these questions were, however, not so easily circumvented. Yet he too managed to evade them. To begin with Godwin's ideal society, like many of those constructed in the minds of nineteenth century thinkers, was predicated upon the presupposition of abundance. This assumption of abundance did not derive, as in the case of later Owenite writers from the belief that available productive resources if rationally used could eliminate any possibility of scarcity, but rather it was an abundance which resulted from an acceptance of the value of asceticism. It derived from a voluntary limitation or diminution of demand rather than an expansion of supply. Thus in a rational society, the actions of whose members were governed by human reason, the lack of demand for commodities for purposes of distinction would necessarily release resources for the production of basics and this would establish a capacity to produce, with minimal labour, the goods and services required to satisfy all reasonable needs. In such circumstances i.e. in the absence of scarcity any need for pricing ceases and the allocation of resources and distribution of products would be determined by that spontaneous reciprocity which provided the mainspring of economic activity in a rational society. This would produce an equality or near equality of distribution given the similarity of needs of similarly constituted individuals, while allocation would be governed by an intuitive recognition of what was needed. Inevitably this meant that labour would primarily be expended upon food production and those few basic activities, such as weaving and baking, necessary to provide essentials. In these circumstances, labour would 'become so light as rather to assume the guise of agreeable relaxation and gentle exercise than of labour...half an hour a day employed in manual labour by every member of the community would sufficiently supply the whole with necessaries.' For, where necessary labour was so light, there would be no demand for some mechanism to ensure that effort was made commensurate with reward. Thus the form which Godwin's ideal society assumed obviated any need to consider those economic problems, resulting from society, to which the market, however inadequately, had previously furnished a solution.

S.T. Coleridge

There is much in the early writing of Coleridge

which parallels the anti-commercialism of Hall, Ravenstone and Godwin. Thus in the *Lectures* of 1795 there is an absolute condemnation of the market economy and commercial society in general. Like Hall, Coleridge, in his *Lectures* of 1795 saw commerce as creating artificial wants and so imposing upon labour the burden of producing 'pestilent luxuries.'⁶⁹ In Coleridge's own words it 'debauche(d) the field Labourer with unproportionable toil by exciting in him artificial wants.'⁷⁰ In consequence 'the necessaries of twenty men are raised by one man who works ten hours a day exclusive of his meals' whereas 'if the whole Twenty were to divide the labor and dismiss all unnecessary Wants it is evident that some of us would work not more than two hours a day of necessity.'⁷¹ For this reason commerce was seen as 'useless except to continue Imposture and Oppression.' Further it was productive of 'drunkenness, prostitution, rapine and beggary' and was therefore, 'incompatible with Christian principles.'⁷²

Like Godwin, Coleridge saw the solution to the evils engendered by commerce as proceeding from a simplification of human existence.⁷³ Specifically Coleridge advocated the creation of a pantisocratic community which would entail the abrogation of rights to private property, an end to the accumulation of wealth and the direction of labour to the daily provision of what was necessary to satisfy basic needs.⁷⁴ Following, as he saw it, the exhortations of Scripture, man was 'to gain (his) daily bread by...daily Labour and not accumulate from any prudential Fears of tomorrow.'⁷⁵ As one writer has put it Coleridge in his *Lectures* advanced a 'Christianised radicalism that looked back for its justification to the supposed communism and uncorrupted faith of early Christian societies'⁷⁶ and in this vision there could be no place for the market.

This critique of commercial activity and the market economy can also be found in Coleridge's *Lay Sermon*, 1817. The crucial difference between this and the earlier *Lectures*, however, was that while in the latter Coleridge condemned the market and market-oriented activity in toto, in the *Lay Sermon* what he attacked was the 'overbalance of the commercial spirit.'⁷⁷ By 1817 Coleridge had come to accept that commercial activity and the functions performed by the market had their place. Thus, for example, he pointed to the 'Capitalists and Store-keepers, who by spreading the dearthness of provisions

over a larger space and time, prevent scarcity from becoming real famine...These men by their instinct of self-interest, are not mere birds of warning that prevent waste...they bring supplies from afar.' ⁷⁸

Yet despite this more positive attitude Coleridge believed that in contemporary circumstances the uncontrolled burgeoning of the commercial spirit could have dangerous consequences. To begin with it inculcated a tendency 'under the specious names of utility, practical knowledge and so forth to look at all things thro' the medium of the market and to estimate the Worth of all pursuits and attainment by their marketable value.'⁷⁹ Thus for Coleridge it seemed that market criteria alone were falsely becoming the sole criteria for the estimation of worth. More generally, as he put it in *The Statesman's Manual*, 1816, the idea of 'worth' was being 'degraded into a lazy synonyme of value' and 'value was exclusively attached to the interests of the senses.'⁸⁰ In addition the moral deficiencies and degeneracy of the business community precipitated 'periodical Revulsions of Credit...at intervals of about twelve or thirteen years each,' these fluctuations being both the cause and consequence of 'fraud, folly, vanity and speculation.' They inflicted 'serious injury to the Moral sense' and they created a 'sense of Insecurity.'⁸¹ Nor could they be dismissed as temporary interruptions to the smooth and ineluctable march of commercial progress. As Coleridge wrote, 'We shall perhaps be told too, that the very Evils of this System, even the periodical *crash* itself are to be regarded but as so much superfluous steam ejected by the Escape Pipes and Safety Valves of the self-regulating Machine,' however, 'instead of the position that all things find their level, it would be less equivocal and more descriptive...to say that things are always finding their level which might be taken as a paraphrase or ironical definition of a storm.'⁸² Thus for all its equilibrating tendencies, the market, for Coleridge, failed to ensure the maintenance of any golden mean of prosperity.

Coleridge's solution in the *Lay Sermon*, to this overbalancing of the commercial spirit and the evils which it caused was to provide some kind of moral counterweight to the reprehensible passions and behaviour which it unleashed. In the past it had been provided by religion but this, Coleridge feared, had ceased to be the case. What he looked

to, therefore, was the emergence of a sense that society was not simply a collection of competing individuals but an organic whole, a corporate entity. 'I feel assured,' he wrote, 'that the Spirit of Commerce is itself capable of being at once counteracted and enlightened by the Spirit of the State.'⁸³ That this spirit should prevail was vital. If it failed to permeate society the atomistic forces unleashed by the commercial spirit would threaten society's cohesion and stability. Thus it should be accepted that there were areas of life, even economic life, where the 'Spirit of the State' should be made to prevail over that of commerce and where the writ of the market should not run. 'Agriculture,' for example, 'requires principles essentially different from those of Trade...a gentleman ought not to regard his estate as a merchant his cargo or a shopkeeper his stock.'⁸⁴ Similarly, Coleridge agreed with Sir John Graham, that labour should not be subject to the same forces as 'regulate the production of spits and saucepans, chairs and tables, and all the other commodities of life.'⁸⁵ There were, therefore, certain areas of human activity where economic expediency should take second place to considerations of social cohesion and organic unity and where a recognition of social responsibilities on the part of the wealthy and powerful should take priority over the pursuit of pecuniary gain.

If, therefore, they differed in kind, the nostrums which Hall, Ravenstone, Godwin and Coleridge advanced were all predicated upon the atrophy or abolition of the market. Though writers like Ravenstone and Hall may be legitimately categorised as 'anti-capitalist', they, like Godwin and the young Coleridge were above all anti-commercial and reacted strongly against the moral corrosion, social conflict and exploitation which commercial, market-oriented, productive activity engendered. Their alternatives envisaged a more simple, frugal, certain, agrarian world where material well-being was not dependent upon the malign exercise of economic power or a chance concatenation of favourable market forces but upon labour effort applied, above all, to the land to furnish directly what was necessary to satisfy basic and reasonable needs. Producers would be largely self-sufficient and market-oriented activity would be peripheral to their major concern of providing their own subsistence. As a nation and as individuals they would, therefore, remain

untainted by the values with which the market inevitably imbued its participants.

With hindsight it is, of course, easy to dismiss such aspirations as romantic and reactionary. Thus Marx saw Ravenstone as willing to sacrifice the productive potentialities of capitalist development in order to circumvent its tendency to impoverish those whose labour made such development possible.⁸⁶ Yet this is unfair. Marx's statement presupposes the possibility of a choice between the type of material prosperity which industrial capitalism had made possible by the mid-century period and the frugal agrarianism which these writers preached, but this was not the choice which necessarily presented itself in early nineteenth century Britain. Writers then were confronted by an economy to which the contribution of agriculture was greater than that of the manufacturing, mining and building sectors combined and where a very large part of the labour force were employed in agriculture and its ancillary industries.

Yet it is true that what is permissible in prescriptive terms, in the economic context of early nineteenth century Britain ceases to be so as the century progresses and what is disturbing is that many of the themes, assumptions, analytical characteristics, general perspectives and positive proposals which distinguish this vein of radical anti-capitalist and anti-commercial political economy were to become and remain an integral part of socialist economic thinking for the rest of the century. This had considerable adverse repercussions upon the evolution of socialist thought in Britain and these will be discussed in the remainder of the book. Before doing so, however, it is necessary to look at one further writer who may be considered a part of this anti-commercial tradition.

William Cobbett

At root Cobbett's was an anti-industrial, anti-City and anti-urban political economy drawing ideological sustenance from the political radicalism of the late eighteenth century and taking Paine's *Decline of the English System of Finance*, 1797, as its basic text. His was the voice of the small farmer threatened by the economic and social changes which characterised the early phase of Britain's industrial revolution;⁸⁷ changes which had been

accelerated by the Revolutionary and Napoleonic wars. As such Cobbett would seem to sit fairly easily in the company of writers like Hall⁸⁸ and Ravenstone and indeed, like them he was inspired by a vision of a stable, pastoral England peopled by hearty, free-born, independent yeoman cultivators and agricultural labourers; a vision which like theirs became increasingly redundant as the century progressed, even if its redundancy did little to impair its popularity.

Like Ravenstone and Hall too, his political economy, in its earliest manifestations was characterised by a physiocratic anti-commercialism which was most clearly expressed in the series of articles published in the *Political Register* of 1807 under the heading of 'Perish Commerce!' Drawing heavily on Wm. Spence's *Britain Independent of Commerce*, Cobbett stressed the primacy of agriculture. 'Agriculture alone,' he wrote, 'would not have made such a place as Manchester; but supposing such a place to be a national good (which, however, I deny) it could not have been made unless the people had first eaten.'⁸⁹ Further he condemned the existing operation of what he termed the commercial system; a system which he regarded as an integral part of 'Old Corruption' itself. 'England had long groaned under a commercial system which is the most oppressive of all possible systems; and it is too a quiet, silent, smothering oppression that it produces.'⁹⁰ Commerce made Englishmen dependent on the 'upstarts of trade' and their financial familiars. Britain's dependence upon foreign goods should therefore be diminished and her reliance on the land increased wherever possible.

Yet for all this there is much in Cobbett's writing which distinguishes it from that of the anti-commercialists and warrants a brief separate discussion of his attitude to the market. Thus in his writing on taxation and money, the two themes which dominate his political economy, there is much which may be interpreted as an attempt to set the growing market economy on firmer foundations. For Cobbett it was taxation which obstructed the development of 'agriculture,' 'manufactures and trade.'⁹¹ As Cobbett wrote in a 'Letter to the Earl of Liverpool,' 'The Fundholders receive and live upon part of the rents, profits and earnings of the rest of the nation; and they, together with the army, navy and civil list, sinecures, pensions and grants, receive so large a part of the rents,

profits and earnings, that there does not remain enough amongst the mass of the people to encourage enterprize and industry to keep up a sufficient creation of valuable things.'⁹² It was taxation too which caused a maldistribution of wealth⁹³ and following from this a deficiency of aggregate demand and economic depression,⁹⁴ for 'money raised in taxes and paid to the lenders (is)...retained in a comparative state of inactivity.'⁹⁵

It was taxes and the 'bubble of paper money' which lay at the root of the social, economic and political evils which afflicted early nineteenth century Britain, undermining as they did the position of 'the farmer, the trader, the journeymen and the labourer.'⁹⁶ For Cobbett, the substitution of paper for gold had been 'worse than a robbery or a burglary...It was a changing of the value of money. It was an altering of the circulating medium. It was a destroying of the standard of value.'⁹⁷ Paper money made 'everything uncertain. Every contract made under a system of paper-money is liable to be violated every hour, by those who have it in their power to change the quantity, and of course, to change the value of paper.'⁹⁸ For Cobbett such fluctuations in the general level of prices were the cause of gross economic injustice. In particular the deflation which followed the ending of the Napoleonic wars effected a redistribution of wealth from the productive labourer to the unproductive rentier, while in general variations in the value of the currency divorced effort from reward, altered status without cause and raised to positions of social pre-eminence those whose pedigree was questionable and whose riches and power had been acquired in the most dubious manner. The result was social turmoil and social antagonism and a rupturing of those bonds of duty, respect and mutual obligation which gave society its cohesion and stability. For Cobbett the standard of value provided the 'sole cement of society'; to debase the currency was, therefore, to cause that 'cement' to rot.⁹⁹

Lower taxation and sound money were necessary prerequisites for the restoration of economic prosperity and social stability. In this respect, despite the vituperations which he reserved for them in the pages of the *Twopenny Register*, Cobbett's position was not far removed from that of most classical economists and it embodies an implicit acceptance of the market, even if, as will be suggested this acceptance was qualified. Some-

times, too, the acceptance was explicit. Cobbett can be found accepting, for example, the market determination of wages. Thus he wrote in a 'Letter to the Luddites,' 'It is the quantity of the demand for goods that must always regulate the price, and the price of goods must regulate the wages for making the goods.'¹⁰⁰ Also, in his discussion of the growth of foreign trade and the attendant expansion of manufacturing industry there is an explicit acceptance of the growing importance of the market and commercial activity in the economic life of the nation. Thus in the course of attacking Sir Francis Burdett's support of the Corn Bill he wrote, 'It is useless to say that great and extended foreign commerce is an evil. Ours has become great and extended. Every art has been resorted to in order to make machines do the work of men and to draw men from the fields into manufacturing establishments... Therefore, to do anything which would all at once take away the employment of manufacturers is to throw all into confusion, or, at least, to produce misery indescribable. Manufactures in such a state of things must depend on commerce...Whether it would be a good thing if this body of manufactures were not in existence is a question it would be useless to discuss...And while this is the case, everything that tends to prevent articles from being brought in to be exchanged for the work of their hands is and must be unwise and mischievous.'¹⁰¹

Thus it is no longer a case of 'Perish Commerce!' While Cobbett might not welcome the growing importance of manufacturing activity geared to foreign markets, the fact was that it existed and it was wrong to conduct economic policy on any other assumption than that it would continue to exist. In general, therefore, if the consequences of the growth of the market economy were not all to be applauded, its existence had at least to be accepted.

There is not, therefore, in this later Cobbett, the same degree of antipathy to market-oriented activity, to the virtue and value of commerce, that can be found in the writings of Hall and Ravenstone. Certainly there are many statements of a physiocratic kind, about the primary value of land and agriculture, to be found in Cobbett's writings but there can be little doubt that Cobbett saw industry and trade as productive in the sense of yielding a genuine surplus (profit and rent) over and above costs of production. For all Cobbett's emphasis upon the virtues of a 'Cottage Economy,'

and the need for self-sufficiency in food,¹⁰² for all that he condemned manufacturing and commerce for drawing wealth and men into great masses, with all the environmental despoilation and social antagonism which that caused he accepted the market economy in a way which Godwin, Hall and Ravenstone did not.

However, it was to be a market, as it impinged upon labour, which was to be made subservient to natural rights. Thus labourers had 'a right to a sufficiency of food and raiment in exchange for their labour.'¹⁰³ In addition, where market demand proved insufficient to ensure employment for all, a just claim to relief from the purses of the rich.¹⁰⁴ 'Thus the decisions of the market were not to be blindly, fatalistically and uncritically accepted. They had to be humanised and moralised by giving effect to the natural rights of labour; rights which derived from the fact that there could 'exist no riches and no resources which they by their labour have not assisted to create.'¹⁰⁵ Thus, if Cobbett's ultimate vision was of an essentially pastoral economy, a society of husbandmen, craftsmen and small scale industrialists,¹⁰⁶ it was also to be an essentially moral economy. In this respect Cobbett has more in common with the moral economists of Chapter 2 than the agrarian anti-commercialists of Chapter 1. It is to a discussion of the work of the former group that we now proceed.

NOTES

1. C. Hill, 'The Norman Yoke' in J. Saville (ed.), Democracy and the Labour Movement, essays in honour of Dona Torr, London, Lawrence and Wishart, 1954, 11-66.

2. P. Deane and W.A. Cole, British Economic Growth, 157.

3. C. Hall, The Effects of Civilisation on the People in European States, London, 1805, 57-8.

4. *ibid*, 49-50.

5. *ibid*, 44.

6. *ibid*, 44-5.

7. *ibid*, 70.

8. *ibid*, 71-2.

9. *ibid*, 73.

10. *ibid*, 111.

11. *ibid*.

12. *ibid*, 72.

13. *ibid*, 154.

14. *ibid*, 19-20.

15. *ibid*, 25.

16. *ibid*, 157.

17. *ibid*, 143.
18. P. Ravenstone, A Few Doubts...on Subjects of Population and Political Economy, London, 1821, 224.
19. *ibid*, 370.
20. *ibid*, 422; 'This is the origin of manufactures; they owe their existence to the necessity which the rich feel of consuming by the means of others that part of the produce of the earth which is too small for their own consumption; none of them contribute to the existence of man...They cannot add to the wealth of the people, they only furnish easier means of expenditure', Thoughts on The Funding System and its Effects, London, 1824, 14, my emphasis.
21. P. Ravenstone, A Few Doubts, 298.
22. *ibid*, 207.
23. *ibid*, 311.
24. *ibid*, 199-200.
25. *ibid*, 326.
26. *ibid*, 325.
27. *ibid*, 260.
28. *ibid*, 346.
29. *ibid*, 204.
30. *ibid*, 413.
31. Wm. Spence, Britain Independent of Commerce, London, 1807; John Gray, The Essential Principles of the Wealth of nations, London, 1797, 23, 'What does the word commerce imply but commutatio mercium...sometimes more beneficial to one than to the other; but still what one gains the other loses and their traffic really produces no increase...No man, as a manufacturer, however he may gain himself, adds anything to the national revenue, if his commodity is sold and consumed at home, for the buyer precisely loses what the manufacturer gains.'
32. See, for example, E. Edwards, 'The condition of the English peasantry,' Quarterly Review, 41, 1829, 240-84; 'The conditions and prospects of the agricultural classes,' Blackwood's Magazine, 27, 1830, 343-56; 'The influence of free trade upon the condition of the labouring classes,' *ibid*, 27, 1830, 553-68; J. Dorfman, Introduction to P. Ravenstone, A Few Doubts, New York, Kelly, 1966, 1-23.
33. P. Ravenstone, A Few Doubts, 310-11, 256.
34. C. Hall, The Effects of Civilisation, 69.
35. *ibid*, 107-8.
36. P. Ravenstone, A Few Doubts, 237.
37. *ibid*, 441.
38. *ibid*, 323.
39. C. Hall, The Effects of Civilisation, 124-5.
40. *ibid*, 170.
41. *ibid*, 265.
42. 'I mean the certainty of the continuance of those necessities and comforts of life,' *ibid*, 267.
43. *ibid*, 140.

44. *ibid*, 268.
45. P. Ravenstone, A Few Doubts, 323-4.
46. On this point see M. Beer, A History of British Socialism, 251.
47. P. Ravenstone, The Funding System, 75.
48. But on this point see J. Dinwiddy, 'Charles Hall, early English socialist,' International Review of Social History, 21, 1976, 271.
49. Wm. Godwin, An Enquiry concerning Political Justice and its Influence on Morals and Happiness, ed., Isaac Kramnick, Harmondsworth, Pelican, 1976, 725.
50. *ibid*, 727.
51. *ibid*, 730-1.
52. Thus 'however great and extensive are the evils that are produced by monarchies and courts, by the imposture of priests and the inequity of criminal laws, all these are imbecile and impotent compared with the evils that arise out of the established administration of property,' *ibid*, 725.
53. *ibid*, 705-6.
54. *ibid*, 704.
55. *ibid*, 712.
56. *ibid*, 704, cf. Charles Hall.
57. *ibid*, 705.
58. *ibid*, 706.
59. 'Man in his parish society would work only in simple manual industry and agriculture. No one would accumulate unearned property produced by the labour of others,' I. Kramnick, Introduction to Wm. Godwin, Political Justice, Harmondsworth, Pelican, 1976, 30.
60. *ibid*, 703.
61. I. Kramnick, Introduction, 29-30; there are echoes here of the civic humanist rejection of private satisfaction in favour of a spartan agrarian economy. See, for example, J.G.A. Pocock, 'Civic humanism and its role in Anglo-American thought,' in Language, Politics and Time, essays on political thought and history, London, Methuen, 1972, 86-103; see also, I. Hampsher-Monk, 'Civic humanism and parliamentary reform, the case of the Society of the Friends of the People,' Journal of British Studies, 18, 1979, 83.
62. Wm. Godwin, Political Justice, 767.
63. *ibid*, 766.
64. H.N. Brailsford, Shelley, Godwin and their Circle, Oxford, University Press, 1949, 140.
65. Wm. Godwin, Political Justice, 766.
66. *ibid*.
67. P. Ravenstone, A Few Doubts, 324.
68. Wm. Godwin, Political Justice, 745.
69. S.T. Coleridge, 'Lectures on politics and religion' in The Collected Works of Samuel Taylor Coleridge, 16 vols., London, Routledge and Kegan Paul, Vol.1, L. Patton and P. Mann, (eds.), 1971, 226.

70. *ibid*, 223; 'Whence arise our miseries? Whence our vices? From artificial Wants! What Nature demands Nature everywhere amply supplies...asking for it that portion only of toil, which would have been otherwise necessary as exercise', 'Lecture on the slave trade', *ibid*, 235.
71. S. T. Coleridge, 'Lectures on politics and religion,' 223.
72. *ibid*, 225.
73. For the influence of Godwin on Southey and Coleridge see H.N. Brailsford, Shelley, Godwin and their Circle, 52ff.
74. For a discussion of the similarities between pantisocracy and Owenite communitarianism see W.H.G. Armytage, Heavens Below, Utopian Experiments in England, 1560-1960, Routledge and Kegan Paul, London, 1961, 81.
75. S.T. Coleridge, 'Lectures on politics and religion,' 227.
76. L. Patton and P. Mann, Introduction to Vol.1, The Collected Works of Samuel Taylor Coleridge, lxii.
77. S.T. Coleridge, A Lay Sermon addressed to the Higher and Middle Classes, 1817, in The Collected Works, Vol.6, R.J. White (ed.), 1972, 169.
78. *ibid*, 168.
79. *ibid*, 189.
80. S.T. Coleridge, 'The Statesman's Manual,' 1816, Appendix C, The Collected Works, Vol.6, 74.
81. Lay Sermon, 207.
82. *ibid*, 205-6; in terms of analogy, irony and sense there is here a remarkable similarity to J.M. Keynes, A Tract on Monetary Reform, London, Macmillan, 1924, 80.
83. Lay Sermon, 223.
84. *ibid*, 214-5; on this point see W.F. Kennedy, Humanist versus Economist, the economic thought of Samuel Taylor Coleridge, Berkeley, University of California Press, 1958, 33-4.
85. *ibid*, 221; Sir James Graham, Inquiry into the Principles of Population; including...a defence of the poor laws, Edinburgh, 1816, 18.
86. K. Marx, Theories of Surplus Value, 3 Vols., London, Lawrence and Wishart, 1969-72, Vol.1, 260-3.
87. 'It is fitting symbolism that Cobbett's birthplace was The Jolly Farmer. The jolly farmer through all his vicissitudes he remained,' G.D.H. Cole, The Life of William Cobbett, London, Hone and van Thal, 1947, 145.
88. Cobbett cites approvingly Hall's attack upon Malthus, 'Mr. Malthus...has received a complete answer from the pen of Dr. Chas. Hall in a work published by the latter in 1813,' 'To old George Rose,' Cobbett's Weekly Political Register, 32, 1, col. 27.
89. G.D.H. Cole, Life, 144.
90. *ibid*, 143-4.
91. 'Letter to Lord Sidgwick's Cobbett's Weekly Political

Register, 32, 5, col. 140.

92. 'Letter to the Earl of Liverpool,' *ibid*, 36, 6, col., 392.

93. 'Letter to Lord Castlereagh,' *ibid*, 37, 1, col. 12, 'out of the fruit of their labour comes five parts out of six of the whole of the revenue of the country. I mean to say that the labouring-classes actually pay five parts out of six of the whole of the taxes.'

94. 'Letter to the Luddites,' *ibid*, 31, 22, col. 689, 'Your distress...arises from want of employment with wages sufficient for your support. The want of such employment has arisen from the want of sufficient demand for the goods you make. The want of sufficient demand for the goods you make has arisen from the want of means in the nation at large to purchase your goods. This want of means to purchase your goods has arisen from the weight of taxes.'

95. *ibid*, 33, 6, 188.

96. 'Letter to the Luddites,' *ibid*, 31, 22, col. 689; 'Letter to Lord Grey II,' *ibid*, 37, 23, col. 1568.

97. *ibid*, 34, 6, col. 167.

98. *ibid*, 34, 22, col. 687.

99. *ibid*.

100. 'Letter to the Luddites,' *ibid*, 31, 22, col. 687.

101. *ibid*, 36, 3, col. 168-9.

102. A constant theme, for example in Rural Rides.

103. 'Letter to the Prince Regent on the bullion bill,' *ibid*, 36, 10, col. 740.

104. *ibid*, 31, 18, col. 547.

105. *ibid*, col. 545.

106. On this point see D. Green, Great Cobbett, the noblest agitator, Oxford University Press, 1983, 251-2; for a more general discussion of Cobbett's anti-commercialism see *ibid*, 236-52.

Chapter 2

The Moral Economy of the Dispossessed

Industrialisation has its victims as well as its beneficiaries and it remains a moot point as to whether in early nineteenth century Britain the sufferings of the former outweighed the rising living standards of the latter. Certainly there can be little doubt about the increasing emiseration of those like the framework knitters and the hand-loom weavers of silk, cotton and wool who had increasingly to match their skills against the growing quantities of fixed capital set in motion by the industrial entrepreneur.¹ It was these groups in particular which, with the repeal of previous paternalistically protective industrial legislation,² experienced the full unnerving blast of untrammelled competition and for whom the forces of supply and demand resembled less the scissors of Marshallian mythology than an economic switchblade paring their remuneration to a subsistence minimum. Yet if their economically weak position left them open to exploitation, their spokesmen were neither anti-capitalist nor socialist³ and while periodically crushed by the juggernaut of market forces, they did not dismiss entirely the logic of the market. What they emphatically rejected was not capitalism but an idealised conception of the market as some kind of neutral mechanism which operated in even-handed fashion to secure economic optimality. For these writers the market was not simply a mechanism mediating the natural laws of economic life; it was not something which merely focused or canalised economic forces, but rather, it was something subservient to those with economic power and the malignity to use that power with coercive intent. Further, left to itself it unleashed self-interested economic behaviour of a kind which corrupted those virtues which gave society its cohesion. A reliance upon untrammelled market forces and upon things

finding their own level created a situation where 'Men forget the moral obligations due between man and man.'⁴ It produced a 'total disruption of morals' and threatened to erode the moral principles upon which a truly 'Christian economy' should be based.⁵ What made this worse was that not only did the absence of moral constraint provide scope for the exercise of 'low ambition', 'avarice' and 'greed'⁶ but, in addition, the essential asymmetry of bargaining power in the market ensured that such morally repugnant behaviour would assume an exploitative form.

For these writers it was quite clear that the circumstances which confronted the buyers and sellers of labour in the market were fundamentally different. Thus, as Robert Hall phrased it, 'the situation of the labourer is widely different [from the sellers of other commodities], he has no other article to dispose of besides his personal industry and skill...nor can he without being reduced to immediate distress withhold them from the market';⁷ a situation in marked contrast to the position of capitalists who could 'withhold their goods from the market when they cannot obtain a remunerating price,' thereby taking 'advantage of the market when there is a brisk demand for goods.'⁸ So under competitive market capitalism labour was in a uniquely disadvantaged position.

In a free market devoid of ethical constraint, therefore, it was the coercive exercise of economic power by the sellers of goods and the buyers of labour which determined price rather than the morally neutral forces of supply and demand. As William Jackson wrote, 'There must be a powerful cause operating in regulating both the price of food and labour besides the supply and demand, and that cause is the possession of rent and capital.'⁹ Things might indeed find their level in the market but they did not do so unassisted. It was for this reason that masters could take 'poor men's labour without fair compensation',¹⁰ and why the earnings of the labourer no longer bore 'an adequate proportion to the profits of the masters.'¹¹

Further, while the classical discussion of the market proceeded on the assumption that both masters and men were, in actuality, free, these moral economists argued that even leaving aside the monopolistic and monopsonistic powers wielded by the owners of capital, this was far from being the case. Thus they argued that while the labouring-classes were increasingly subjected to the full rigours of

market competition, the economically powerful (e.g. the landowners) employed the legislative powers of the state to soften or circumvent the constraints and pressures which market forces might otherwise have imposed. As Robert Hall phrased it, 'the vaunted maxim of leaving every kind of production and labour to find its own level is not adhered to, it has always been violated in this country from the remotest times.'¹² Or, as another writer saw it, the value of 'house rents, food and all other necessaries' was not determined by market forces alone but was 'raised enormously high by the heavy pressure of taxation,' in particular by the Corn Laws which protected the interests of the landowners.¹³ As Hall put it, the maxims of free trade were 'only deemed sacred when (they stood) opposed to a starving and industrious population.'¹⁴ What adherence to free market principles meant in practice was that 'the incomes and property of all other classes were protected, whilst Artisans and Labourers alone were left a prey to be plundered.'¹⁵ Thus, under existing arrangements, prices and the distribution of the national product were determined more by the respective strengths of particular economic interests within the community and their legislative expression, than by the intensity of demand and the capacity to supply.

What was required, therefore, was a reconstitution of the market economy upon a moral foundation; the creation of a moral economy in which prices would be such as to reward effort and ensure retributive justice; an economy where prices would express the social utility of commodities and provide the basis for that stability and certainty which market engendered price fluctuations continually threatened.¹⁶ Thus it was necessary, for most of these writers, to determine and then consciously establish 'a just price,' 'a fair and equitable price,' prices which would reward 'the merit of honest, productive labour,' and 'all useful employ or service' which would ensure 'just and natural remuneration,' just and merited wages, 'an equitable reward,' which would allow working men 'to secure as much remuneration as their labour fairly entitles them to.'¹⁷

For the moral economists there seems to have been two basic ways of achieving these objectives. First there was the approach of those who accepted in general terms the logic of the market determination of values; who saw the market in certain circumstances and within certain prescribed limits

as legitimately determining the price of labour and commodities. The objective of writers such as Hall and Jackson was, therefore, 'to adjust the extent of the supply to the demand',¹⁸ and in particular to put labourers in a position where they could in practice do what classical theory suggested they did namely bargain on equal terms with their would-be employers. Hall, for example, aimed through the creation of a framework knitters fund 'to afford a subsistence to that portion of the labouring class who are destitute of employment, that they may not be compelled to offer their labour for next to nothing and thus reduce the general rate of wages.'¹⁹ He believed that the framework knitter, by setting aside 'a portion of his earnings' would thus secure 'the means of a just and natural remuneration of his industry.' This scheme, Hall believed, was 'perfectly consonant to the principles of political economy.'²⁰ In a different vein, but with similar intentions, William Jackson advocated the purchase of knitters stocking frames believing that this would 'give (labourers) a considerable control over the trade as it respects the price of labour,' i.e.²¹ it would give them the necessary market power to secure fair remuneration for the goods which they produced. However, while some of these moral economists were prepared to advocate measures of self-help which would counteract the asymmetry of bargaining power in the market, most emphasised the necessity of legislative intervention to secure a just price for goods and labour or they looked to the fair determination of these by masters and men deliberating in concert.²² For such writers the influence of market forces should be constrained and moralised rather than passively accepted or cunningly used.

There was in these demands for the formal or informal reconstitution of a moral economy, an implicit and explicit rejection of the idea that the market left to itself would ensure that immoral or amoral, self-interested economic behaviour produced socially beneficial consequences; a rejection of the idea that 'society as a vast machine' could be 'regulated by the principle of selfishness alone.'²³ For these writers economic behaviour had to be morally informed if social utility and distributive justice were to result. Nor, in the context of a free market economy, could it be expected that such behaviour would emerge spontaneously as the unsought outcome of the interplay of market forces. Rather it was necessary to

make men act morally or to create a legislative framework within which economic activity would provide little scope for morally reprehensible behaviour. Thus the great advantage of legislation such as the Spitalfields Acts was that 'It prevents an avaracious master...from *imposing* on his men, it *makes* him just and them industrious'²⁴ and indeed the 'great end' which rendered governments and legislation necessary was seen by the moral economist as that of preventing 'one man...taking advantage of another.'²⁵ The market would not ensure this of itself - 'adequate wages and their concomitant advantages cannot be secured without the enactment of some regulatory law.'²⁶

Further, framework knitters and handloom weavers, in demanding such laws, were only asking 'the same protection for their property' as was given 'to all other descriptions of property.'²⁷ Thus a *Petition* of 1828 demanded legislative regulation of the price of labour or an immediate abolition of 'all existing monopolies...an unrestrained importation of corn and all other articles of subsistence and comfort' together with a reduction in 'the salaries and pay of all Placemen and Pensioners and fixed money obligations.'²⁸ The free market of classical theory was a fiction. The reality was that many social and other groupings had their interests advanced and protected by legislation. What the labouring-classes demanded in such circumstances was parity; they alone should not be treated as the theory of an optimising market dictated.

To secure the necessary legislative protection a number of expedients were suggested but in general the idea was that Boards of Trade should 'for assigned periods' set both 'what shall be the minimum wages to be paid'²⁹ for particular types of labour and fair and remunerative prices for the goods which labour produced. In fact it was the need to regulate the price of labour rather than prices in general which was most often stressed and most moral economists believed that if labour was fairly rewarded, this would not only ensure that economic justice was done but also, through its impact upon demand, guarantee a generally profitable and equitable level of prices. Fair wages were then the necessary antidote to glutted markets and unprofitable prices creating as they did 'a much larger demand for every species of manufactured articles.'³⁰ Instead of economic and price 'fluctuations...occasioned by the fancy, whim,

caprice and luxuries of the most opulent..... sufficient wages will make trade stable.....the movements brisk and constant.'³¹ Thus a just price for labour would take society a long way in the direction of a stable and equitable set of prices for all commodities and in so doing eliminate the conflict and tensions which unfettered cut-throat competition engendered.

While, therefore, writers such as Jackson and Hall were prepared to accommodate their prescriptions to the facts of market life, other moral economists were at root opposed to the whole ethos of the market economy. For them, as regards the pricing of labour and goods, what was morally just was to supplant what was economically expedient; justice, stability and security were to triumph over the chaotic asymmetry of the market and the unprincipled exercise of economic power which this permitted. What had previously been the unplanned outcome of uncontrolled forces, namely the determination of values, should henceforward be the result of a rational application of ethical principles. In short, economic calculation was to proceed on a basis other than that of the narrowly economic. It would be a product of conscious, rational deliberation rather than a reflex, *ex poste* response to the misleading information which the market disseminated.

There is also in the writing of the moral economists a hostility to the idea of economic calculation narrowly defined; an antagonism to the mean and calculating spirit which could lead to a neglect of man's moral duties and social obligations and thence to a culpably narrow conception of the purpose of economic activity. Yet there is, in the final analysis no rejection of the need to calculate. This was after all to be the function of the Boards of Trade which would be responsible for establishing wages and prices. The moral economists did not reject the need for economic calculation per se but what they did insist upon was that calculation should proceed on a basis broader than the narrowly material. Calculation should proceed by reference to a wider assemblage of information than that which was provided by the forces of supply and demand. Thus, as regards wages, wage-determination was not to be left to the competitive pressures engendered by a few, immoral narrowly self-seeking employers but rather by reference to custom, perceived human and occupational needs, labour effort, remunerative

product prices and the fair reward of those who employed and organised labour. Yet while they state clearly the principles by reference to which calculation should proceed they fail to discuss at any length the difficulties involved in their application. Instead they fall back, in general, upon an acceptance of custom i.e. what had been customarily accepted as a fair level of remuneration or a just level of prices. It is by reference above all to historical precedent, therefore, that the Boards were to supplant the market.

It is not easy to assess the intellectual legacy of such writers let alone their impact upon the evolution of anti-capitalist and socialist economic thinking. At one level that legacy is easy to dismiss, for to the extent that the economic writing of the moral economists was in defence of those whose livelihood was threatened by technological and industrial advance, the immediate significance of what they wrote diminished as the numbers of framework knitters and handloom weavers declined. Yet many of the concerns, much of the rhetoric and the essential intent of the moral economists surface and re-surface throughout the nineteenth century. They are there in the new model union claim for a fair day's work for a fair day's pay; they find expression in Ruskin's determination to establish the real worth of goods and men; they re-appear in the desire of Christian socialists such as J.M. Ludlow and F.D. Maurice to set economic activity and relationships upon a Christian, ethical basis and, at the close of the century, when the preference was in general for the 'is' of science rather than the 'ought' of moral philosophy, ethical socialists like Robert Blatchford wrote upon economic questions from a socialist standpoint in a manner and in a language which echoes the moral economic discourse of these post-Napoleonic war writers. Above all, in their critique of the manner in which the market priced commodities and in their stress upon the conscious, rational determination of just prices, the work of the moral economists has a particular resonance with the political economy of the first generation of socialist writers. It is to the work of these that we now turn.

NOTES

1. On the general plight of the framework knitters and handloom weavers see E.P. Thompson, The Making of the English

Working Class, Harmondsworth, Pelican, 1975, 297-346, 569-603; also, D. Bythell, The Hand-Loom Weavers: A Study of the English Cotton Industry during the Industrial Revolution, Cambridge University Press, 1969. 'These workers constituted a large element of the industrial working population in early nineteenth century Britain. Indeed it was only after 1830 that the number of handloom weavers began to fall,' N.J. Smelser, Social Change in the Industrial Revolution, an application of theory to the Lancashire cotton industry, London, Routledge and Kegan Paul, 1959, 327.

2. For an account of the repeal of such paternalistically protective legislation in the silk weaving industry, see J.H. Clapham, 'The Spitalfields Acts, 1773-1824,' Economic Journal, 26, 1916, 459-71.

3. On this point see the arguments of R.A. Chapman and S.D. Church, 'Gravener Henson and the making of the English working class' in E.L. Jones and G.E. Mingay (eds.), Land, Labour and Population in the Industrial Revolution, London, Edward Arnold, 1967, 236-61.

4. Anon., Letters taken from various newspapers, tending to injure the journeymen silk weavers of Spitalfields, London, 1818, 42.

5. Wm. Hale, An Appeal to the Public in Defence of the Spitalfields Acts, London, 1822, 42; Anon., An Enquiry into the Consequences of the Present Depreciated Value of Human Labour in Letters to Thomas Foxwell Buxton, London, 1819, 10.

6. *ibid*, 34.

7. R. Hall, An Appeal to the Public on the Subject of the Framework Knitters Fund, London, 1820, 6; Anon., A Petition to the Journeymen Broad Silk Weavers of Spitalfields and its Vicinity, London, 1828, 3, 'labour is the only commodity the Artisan has to part with, and is of such a nature it will not permit them to adjust the supply to the demand.'

8. Wm. Jackson, An Address to the Framework-Knitters of the Town and County of Leicester, Leicester, 1833, 4, see also the Petitions to the Select Committee on the Hand-Loom Weavers, quoted in E.P. Thompson, The Making of the English Working Class, 328-9.

10. Anon., Letters to Thomas Foxwell Buxton, 42.

11. Anon., A Petition, 5.

12. R. Hall, An Appeal, 7.

13. A. Larcher, The Good and Bad Effects of High and Low Wages; or, a defence of the Spitalfields Act, London, 1823, 13.

14. R. Hall, An Appeal, 8.

15. Anon., A Petition, 7.

16. Gravener Henson, for example, looked to the reconstitution of a moral economy which he believed to have

existed prior to 1750; an economy where 'the poor could live and did live with ease and were not subject to a state of uncertainty for want of employment or apprehension of a reduction of incomes,' G. Henson, A History of the Framework Knitters, Leicester, 1831, 1, 216.

17. Wm. Hale, An Appeal, 16; *ibid* 29; A. Larcher, High and Low Wages, 9; R. Hall, A Reply to the principal Objections advanced by Cobbett and others against the Framework Knitters Friendly Relief Society, Leicester, 1821, 6; A. Larcher, High and Low Wages, 9; Anon., A Petition, 4; J. Maxwell, Manual Labour versus Machinery, London, 1834, 12.

18. R. Hall, A Reply, 8.

19. R. Hall, An Appeal, 8.

20. R. Hall, A Reply, 6, 10.

21. Wm. Jackson, An Address, 7.

22. 'In our opinion a Committee of Masters, or of Masters and Workmen, chosen by both, fixing the prices periodically, or as often as fluctuations in trade make alterations in the price of labour necessary,' Letter from a committee of Manchester weavers, 1823, quoted from J.L. and B. Hammond, The Town Labourer, the new civilisation, London, Longmans, 1936, 299.

23. Anon., Letters to Thomas Foxwell Buxton, 105.

24. Anon., Letters taken from various newspapers, 13.

25. *ibid*, 11.

26. Anon., A Petition, 5.

27. J. Maxwell, Manual Labour versus Machinery, 13.

28. Anon., A Petition, 5.

29. Anon., A Letter addressed to the Members of both Houses of Parliament on the Distresses of the Handloom Weavers, Bolton, 1834, 6; see also, for example Wm. Hale's discussion of a 'Book of Prices,' An Appeal, 9.

30. *ibid*, 44; 'This would prevent the occurrence of general depressions of trade which resulted from diminution in the purchasing power of labour. For, if liberal Wages were given to the Mechanics in general throughout the country the Home consumption of our Manufactures would be immediately more than doubled and consequently every hand would soon find full employment,' Resolutions drawn up by the Framework Knitters of Leicester, 1817 in J.L. and B. Hammond, The Town Labourer, 303.

31. A. Larcher, High and Low Wages, 7.

Chapter 3

Socialist Political Economy and the Market, 1815-50

Like the moral economists, early nineteenth century socialist and anti-capitalist writers stressed the essential asymmetry of existing market arrangements. The classical ideal of competing buyers and sellers freely and equally bargaining their goods and services had no basis in reality. On the contrary, 'In our present highly artificial state of society...the labourer having been separated from the products of his labour, and these placed in the possession of another class,...is reduced to a state of absolute dependence on that class for the means of labouring.'¹ Consequently, because 'The capitalist...can exist for some time on his capital without the aid of the labourer, who cannot exist at all without the capitalist,' the labourer had 'no alternative than servile submission or death by starvation' and in such circumstances, the power of the capitalist, the vulnerability of the labourer and the logic of the market dictated that 'in the true spirit of competition...the wages of labour (be) reduced to that same which will just maintain life.'² Survival and success in the market demanded that capitalists exploit its asymmetry; it compelled them to become 'petty tyrants,'³ so that, 'When a capitalist secure in the possession of his accumulated wealth engages in the work of production' he did not 'divide upon any *just* scale agreed upon with the workmen the increased value given to the materials by the combinations of his money capital with the workman's labour' but attempted to 'procure the required amount of labour at the least possible expenditure of his capital... in (a) market where competition reigns among.... labourers.'⁴ As another writer put it 'the masters.. In the spirit engendered by the fierceness of competition which brings on the dread of want and aggrandizes the insatiate desire of accumulation,'

'concerned themselves to cheapen human labour.'⁵

Some socialist and anti-capitalist writers like Thompson, Bray and Hodgskin emphasised the consciously exploitative intent of capitalist economic behaviour while others such as Owen tended to explain it as an inevitable consequence of the logic of competitive capitalism for which capitalists and others in positions of economic power could not be held responsible.⁶ All were agreed, however, on the fact that the market, as it was constituted, did not bestow upon the labourer the full value of his product. Thus Thompson saw the working-man as being 'defrauded of three-fourths of the produce of his labour.' Gray, using statistics compiled by Patrick Colquhoun, believed that four fifths of the national product went to the 'useless' and 'unproductive.' Bray saw 'one-fifth of the nation seizing upon one half of all that is produced,' while Hodgskin considered the capitalist kept 'a large, indeed the largest, and a continually augmenting share, of the annual produce of labour for himself.'⁷

For such writers this abstraction of value from the labouring-classes occurred in the market; it was effected in the sphere of exchange.⁸ Thus as Bray saw it 'wealth (had) all been derived from the bones and sinews of the working-classes during successive ages, and it (had) been taken from them by the fraudulent and slavery creating system of unequal exchanges.' For him, 'The principle of unequal exchanges (was) the very life and soul of the present social system.'⁹ Similarly, for Thompson it was 'By unjust exchanges...supported by force or fraud, whether by direct operation of law, or by indirect operation of unwise social arrangements... (that) the products of the labor of the industrious classes (are) taken out of their hands...It is not the differences of production of different laborers, but the complicated system of exchanges of those productions when made, that gives rise to..... frightful inequality of wealth.'¹⁰

For these writers, goods should exchange according to their labour values. Thus 'As all commodities are exclusively the produce of labour, there is no other rule, and can be no other rule for determining their relative value, but the quantity of labour required to produce each and all of them,' and so, in the words of Gray, 'All just contracts (had) for their foundations equal quantities of labour.'¹¹ However, given the skewed distribution of economic power and therefore the disparate

bargaining strength of capital and labour, market prices were made to deviate from natural values in a manner advantageous to the former and detrimental to the latter. The market power wielded by the capitalist allowed him to buy labour cheaply and sell it dear once it had been embodied in commodities. Thus the capitalist was 'ever seeking to lower...wages and to augment...profits, by selling...as dear as possible the productions of labour' or as Abram Combe phrased it 'there is now the clearest demonstration to prove that the working-classes suffer grievously because they either sell their own labour too cheap or purchase that of others too dear in an OPEN MARKET.' Similarly, for Bray, the capitalist 'sells or exchanges the produce of...labour for a greater sum than the labour originally costs him and by these means is enabled...to increase his store of wealth;' while for Hodgskin, under existing arrangements, 'the labourer to have articles...must give over and above the quantity of labour nature demands...a still larger quantity to the capitalist.' Thus in the market 'natural price,' which was determined by 'the whole quantity of labour nature requires from man, that he may produce any commodity' was transmuted into 'social price' by the addition of rents and profits.¹²

This process of value abstraction, while originating in the disparate degree of bargaining power possessed by capitalists and labourers was further facilitated by the nature of the medium which was used to effect exchanges in the market. As money was central to the market, so for most socialist writers it was central to the whole process of working-class impoverishment. Time and again these writers complained of those who through the 'mysticism of money,' through the 'insane money mystery' secured to themselves 'the greater part of the productions' of the 'industrious' and damned; the 'artificial money system which...robs you (the working-classes) daily of the fruits of your industry and lays you prostrate at the feet of those who are speculators...You are in possession of the powers by which you can continually produce the substance, or real wealth only; but through your ignorance, you permit them (employers) continually to exchange their shadow for your substance.'¹³

Money obfuscated the true value of commodities, it concealed their real worth by expressing value in terms of a 'fictitious medium.' As Thomas Hodgskin put it in a letter to Francis Place, 'Money

is one of those things which produces an artificial price instead of a real price.'¹⁴ It facilitated, therefore, the malign manipulation of value and created a class of men who 'through the mystery of money, assist to rob the producers of real wealth of their honestly earned productions'; a class of 'Commercial men who deal in commodities to obtain money-profit, who produce no wealth themselves, who are engaged in extracting wealth from the producers of it.'¹⁵ It was indeed in just such terms that the role of the capitalist employer was frequently defined. He was seen, above all else, as an exchanger or distributor of wealth and productive resources. His metier was the market; it was the power, cunning and deception which he exercised there which secured for him his disproportionate reward. Indeed so closely was he associated with the market functions of exchange and distribution that 'exchanger' and 'distributor' are terms which these writers used interchangeably with that of capitalist and employer. Thus Abram Combe wrote of 'The distributors or employers act(ing) in the capacity of capitalists.' Hodgskin saw 'capitalists' and 'the agents of the capitalists' as 'middle men oppressing the labourer' and wrote of 'the capitalist, the oppressive middle man, who eats up the produce of labour.' Capitalists were those who 'effect(ed) exchanges by proxy, without working at all themselves and accumulate(d) the wealth which other people's labour has created, through the medium of profit.'¹⁶

The market as a pricing and valuing mechanism was, therefore, fundamentally flawed. The malign use of economic power and the confusion sown by the existing medium of exchange meant that the money prices which prevailed were instrumental in distributing wealth in an inequitable and unjust manner unrelated to productive endeavour. The market was at the root of labour's destitution. In addition, and because of the purpose to which it was turned by the capitalist and others, the market provided a poor indication of the 'real worth', 'real value' or utility of a commodity. Thus while, according to socialist writers, the value attached to goods should reflect their social utility or worth or the extent to which they contributed to the sum total of human welfare, the market conferred value according to quite different criteria. As T.R. Edmonds saw it, 'for the national value of commodities, money is no standard at all.' Lace, for example, while its money or market value might

be high had 'no national utility' for it could not 'like corn maintain labourers in the arts of war, agriculture, or other useful arts.'¹⁷ Thus market-determined money prices gave a confused idea of value. For Edmonds, they failed to reflect the social utility to be derived from the production of one sort of commodity, corn, as against a luxury commodity such as lace. This was the reason why, 'Luxuries have frequently been mistaken for wealth' though 'Wealth properly consist(ed) in the abundance of necessaries.'¹⁸ Money value was not synonymous with 'real wealth', on the contrary as Thompson and other socialist writers saw it, the two tended to be inversely related. Thus 'If an apple could give the renewed pleasure and nourishment of eating for fifty successive days, it would be fifty times as valuable or as useful, though its exchangeable value would decrease.'¹⁹ Money values, market prices, exchange values provided no indication of social or real worth; the market failed 'to estimate objects of wealth by their real value, by their tendency to promote real preponderant, physical good;' it failed to 'estimate the value of articles of wealth, solely from their tendency to produce happiness by their use.'²⁰ Value should be assessed not in terms of money; it should not, in the words of John Gray, be viewed in terms of 'pieces of metal' but in terms of what tended 'to improve the condition of the human race, physically, morally and intellectually.'²¹

Like Marx these writers believed that in a capitalist market economy 'the exchange of commodities is evidently an act characterised by a total abstraction from 'use-value''²² and this act was seen by them as involving an abstraction from all that was intrinsic, substantial or 'real' about a good or service. In consequence value ceased to be fixed and immutable. For while the use-value of a commodity was viewed as an unchanging, inherent, physical property of it, money or exchange value fluctuated continually.²³ Thus Owen articulated the views of many socialists when he contrasted 'the intrinsic value which will not change, so long as (goods)..are required for use...the real wealth produced regardless of price,' with market 'price, which is altogether an effect arising from an artificial, false and ignorant state of society.' Likewise, for William King money was 'no fixed standard of value whatever...just what the money-mongers choose to make it' or as John Gray wrote, 'the value of money is continually liable to change, and

if weights and measures were subject to the same kind of variation greater confusion and mischief would not be the result.' Similarly, Thompson saw the whole Napoleonic and post-Napoleonic war period as one characterised by 'fraudulent and devastating changes in the currency,' arguing that these 'arbitrary alterations in the currency' had produced 'extensive misery' for 'the Industrious Classes' and were more serious in their repercussions than any of the other 'expedients of force and fraud practised' upon them.²⁴ For Thompson and other socialist writers of the period these 'arbitrary alterations' meant that instability was built into the market economy for price fluctuations, with all the scope they provided for deception and exploitation were inevitable in a competitive market economy where, as Gray put it, a stable 'measure of value have we none.'²⁵ Thus the money prices established by the market had an uncertain, illusory, evanescent quality which was, as socialist writers saw it, in marked contrast to the 'permanent unchanging value of 'real wealth for use.' Money values lacked such permanence; their volatility epitomised the way in which the market could bestow and destroy value in an arbitrary and capricious fashion.

It was this failure of the market to register the social utility yielded by goods; its failure to establish use-value as 'the criterion of the amount of real wealth produced' and the consequent reliance of society on market price as the indicator of what should be produced to satisfy demand, which also caused that fundamental misallocation of resources which characterised a competitive, capitalist market economy. Thus where goods were valued in terms of their money price and where private money profit was the *modus vivendi* of economic activity, such activity would be oriented to the production of goods for which there was a high money demand rather than the provision of goods for which there was a definite social need. Inevitably, therefore, as the consumptive capacity of the rich man was, by definition, greater than that of the poor, output was geared to the types of demand which the rich created rather than to satisfying the needs of the bulk of the population, Economic resources which might otherwise have been used to furnish an abundance of material necessities were wasted on the production of luxuries consumed by the unproductive rich. Thus the labouring-classes under competitive capitalism were not only

deprived of their just deserts but also faced a dearth of necessities resulting from a market-directed misallocation of resources in favour of the production of superfluities. Unproductive consumers drew 'vastly greater numbers from the cultivation of the ground, than what is requisite for the creation of the other necessities of life which the land does not furnish' and in consequence 'numbers of labouring-people capable of being useful members of society (were) employed uselessly,' something which 'tend(ed) to raise the prices of other commodities by artificially withdrawing the capital and labour employed in them.'²⁶ In short, under existing arrangements the market mechanism produced a 'misapplication...of national wealth,' with 'time and talent sacrificed, for the acquirement (sic) of...unsocial objects; objects disgraceful to humanity.'²⁷

Further, like Hall, Ravenstone and other anti-commercialists, many early nineteenth century socialists saw in the growth of the international market and the expansion of international trade an increasing tendency to exchange basic necessities for luxuries. Thus one writer cited the example of Ireland 'the inhabitants of which...are condemned to unending toil to ship from their harbours cargoes of grain and all other stable productions of their country, while they themselves are cursed with an over flow of pauperism and starvation. The herds bleat and low around them but not for them. They furnish neither their larder nor their clothes chest.'²⁸ Such an extension of the market, such an expansion of commercial activity was to be condemned. For, where 'each country possesses the means of lodging, feeding, clothing and educating its inhabitants, the natural application of these means is to shelter, clothe, subsist and educate all the people, before sending any of these necessities abroad.' To do otherwise was to 'violate the principle of beneficial foreign commerce.'²⁹

Further, the whole emphasis upon production for the market, production for sale, rather than production for use led to the allocation of a disproportionate share of resources to essentially unproductive distributive and exchange activity. As Gray and other socialist writers saw it, 'the true interest of every nation consists in reducing the greatest possible proportion of its commercial population to the condition of producers' and as 'those persons are denominated productive members

of society, who contribute, with their hands, to the increase of tangible and exchangeable wealth,³⁰ the employment of labour in distribution or exchange should ideally be kept to an absolute minimum. However, with the growth of a competitive market economy the opposite had occurred with 'tens of thousands' being 'uselessly employed in distributing occupations', 'under our present commercial arrangement there are at least ten families of the commercial class to be supported, where one would fully answer the purpose.'³¹

Yet if the misallocation of resources was, under competitive market capitalism a source of waste and destitution, a more fundamental cause was the general underutilisation or unemployment of productive resources which occurred under existing arrangements. As these writers saw it Britain had, by the 1820s, arrived at a point of development unique in human history. It had 'passed a boundary never before reached in the history of man...passed the regions of poverty arising from necessity and entered that of permanent abundance...and attained the means to ensure the 'Wealth of Nations', the object so long sought for by legislators and political economists.³² Britain, as one writer saw it 'possess(ed) the means of creating more exchangeable wealth than all...former commercial nations combined.'³³ However, this potential for creating wealth 'beyond the most extravagant wants of the population'³⁴ was not realised. On the contrary, 'this power of unequalled greatness (was)...applied to produce...little valuable wealth with excessive toil and destitution to the producers;' 'the people of the country are experiencing an unprecedented degree of general Distress at a moment when the Kingdom is abounding in wealth.'³⁵

For early nineteenth century socialist and anti-capitalist writers this paradox of poverty in the midst of abundance or potential abundance had its origins in a demand insufficient to generate prices profitable enough to guarantee production by self-seeking, profit-motivated, capitalist owners of productive capacity. To begin with, as working-class demand was a large proportion of total demand and as it was constrained by exploitation and impoverishment, economic depression characterised by glutted markets and unremunerative prices was an inevitable consequence. For Owen, 'The markets of the world (were) created solely by the remuneration allowed for the industry of the working classes, and...markets were more or less extended

and profitable in proportion as those classes are well or ill remunerated for their labour.' In consequence of their numbers 'labourers were 'the greatest consumers of all articles; and it will always be found that when wages are high the country prospers.'³⁶ Under competitive capitalism, however, the logic of the market and the conscious exploitation of labour by the economically powerful kept the level of wages low.³⁷ In addition the capitalist's determination to secure a profit from the means of production by adding profit to labour cost raised the market price of commodities above their natural values and widened still further the disparity between aggregate effective demand and the aggregate value of goods supplied, a situation to which capitalists responded by refusing to use available productive capacity until an artificial level of profitable prices was forthcoming. Thus as Thompson put it, capitalists 'possess(ed) the faculty of forcing the community to starve, whenever...the exercise of their industry does not...yield such a return as will not only give ordinary support to the labourers, but also that quantum of the products of the labour to themselves under the name of profits on capital, which they have been accustomed...to look upon as their due'³⁸ or as Hodgskin saw it, 'In the same manner as the cultivation of wastelands is checked so are commercial enterprise and manufacturing industry. Infinite are the undertakings which would amply reward the labour necessary for their success, but which will not pay the additional sums required for...profits.'³⁹ So, markets were deemed to be glutted and the level of productive activity was reduced when goods were supplied in quantities which caused 'a fall in money price and a consequent loss instead of profit to the undertaker' regardless of those 'wants or wishes of society'⁴⁰ which socialist writers saw as being the 'natural' limit to production.

The general economic depression resulting from this deficiency of aggregate demand was also seen as causing a further twist in the downward economic spiral. For, as the glutting of markets caused a reduction in economic activity, much labour was rendered superfluous and demand declined still further. 'Under the present arrangements of society, there is always...a "glut of labour" in almost every trade...there is ever a greater or less number of men only partially employed or altogether unemployed'⁴¹ and the labourer, once he had been made

redundant, 'cease(ed) to be a consumer, commensurate with the reduction in his income and those other labourers who earned a support by supplying him (were) in their turn rendered sufferers and so on with others, until the whole fabric of society... (was) plunged still lower in the dregs of wretchedness.'⁴² What eventuated was a cumulative contraction in economic activity with 'the demand for productive labour...rapidly decreasing and productive employment growing every day more difficult to be obtained.'⁴³ Thus overproduction relative to profitable demand caused a 'want of employment for the working-classes' while this 'labour...unable to find employment' further exacerbated the problem of 'the markets of the world becoming crammed to overflowing.'⁴⁴ 'Thousands now starve in unproductive inaction because the capitalist cannot employ them - the capitalist cannot give them work because he cannot find a market for his produce - there is no market for the produce because those who want the produce have nothing but their labour to give in exchange for it - and their labour is unemployed because the capitalist does not know how to set them to work - and thus the evils of the present system run round in a circle.'⁴⁵ Here we have quite clearly an early understanding of how the Keynesian multiplier can work in reverse.

Finally, there was the destabilising macro-economic role of money in the context of a market economy. Money was vital to the operation of markets but had, as many socialist writers saw it, failed to increase *pari passu* with output.⁴⁶ In consequence the problem of underconsumption was further aggravated so 'thousands and millions of our fellow men (were)...unemployed, in poverty, in ignorance, and many starving for want of the most common necessities of life, solely because there are not sufficient quantities of certain metals...to circulate as artificial money.'⁴⁷

Thus far from playing the equilibrating, macroeconomic role which classical economists suggested, the market was seen by socialist writers as mediating and amplifying the forces making for disequilibrium in market competition, intensified both by the unemployment induced by an already deficient demand and the displacement of labour by machinery, constrained the consumption of a large proportion of the population, while capitalists used their market power to add profit to natural value, further aggravating the relative deficiency of aggregate demand and further limiting the

application of the nation's productive powers geared as they were to a level of output which ensured the acquisition of money profit rather than the satisfaction of social needs. The argument that, courtesy of the market, things found an optimal level was, therefore, fallacious. For Gray, 'Things (had) been finding their level ever since the creation; when, we ask, is their level to be found? It is very clear that at least five hundred thousand Irish have been nearly finding their level' and later in *The Social System* he was to write of 'a notion (which) appears to prevail amongst mankind that there exists...a self-regulating principle, and that the stream of commerce, like that of water, only requires to be let alone to find its own level and to flow on smoothly and prosperously...I now deny the existence of any such principle.'⁴⁸ What Gray denied would have been denied by most of his socialist contemporaries.⁴⁹

Even where the equilibrating potentialities of the market were recognised as having a theoretical validity, a practical reliance upon such properties was damned as having unacceptable consequences. As the Fourierist Charles Bray wrote, 'The Economists hold that supply and demand have an equal tendency to find their level with water, it being of no importance that in the operation whole towns are ruined and whole countries half-starved...We are quite willing to concede that the principles laid down by the Political Economists (are) true in the abstract; but they are altogether inapplicable to our present circumstances.'⁵⁰

In general, therefore, the market was seen as a source of instability and uncertainty. It facilitated the exploitation and impoverishment of labour, it obscured the true social worth or utility of commodities, it misallocated or entirely wasted productive resources, it was at the root of general economic depression and it set 'an unnatural limit to production...without the least regard either to the satisfaction of our wants or to the extent of our powers of production.' In so far as it did possess beneficent equilibrating properties, these were devoid of practical significance.

Yet as is shown by the work of the anti-capitalist Thomas Hodgskin and the *Inquiry* of William Thompson this kind of economic critique of the functioning of the market did not lead on necessarily or logically to its rejection.⁵¹ For, as these writers showed, it was possible to see these economic failings as ephemeral rather than

intrinsic, a product of corrupt institutions, self-interested legislation and the malign exercise of monopoly power, rather than as rooted in the market mechanism itself. Thus for Thompson, existing economic arrangements were characterised by 'absolute violence...fraud...the operation of unequal laws interfering with the freedom of labor...and the perfect freedom of voluntary exchanges.'⁵² It was by these means that labour's product was appropriated by capitalists, landowners and the state.⁵³ Thus there existed, for Thompson, 'a class of capitalists, a class of rent or landowners, sometimes a class of farmers of these lands, sometimes a class of fundholders, an always numerous class of idlers, living under different pretences on the labors of the industrious.'⁵⁴ It was the coercive exercise of economic power by all these classes which impoverished labour and rendered it subservient, by 'taking out of the possession of the labourer the articles necessary to make his labour productive'⁵⁵ but in particular it was the capitalists who defrauded the labouring-classes of 'three-fourths of the produce of (their) labour,' 'counteract(ing) the natural laws of distribution' and 'forcing labor without a satisfactory equivalent.'⁵⁶

For Thompson there were two conflicting views of the reward that labour should receive. On the one hand there was that of the capitalist who believed that he could legitimately appropriate the additional value which the use of the means of production enabled the labourer to produce. Thus the surplus accruing to the capitalist in such circumstances would represent the product of machinery assisted labour, minus the putative product of such labour when unassisted, multiplied by the number of labourers employed. In contrast the labourer estimated his just reward as equivalent to the whole product of his exertions minus capital depreciation and a superior wage to the capitalist for any labour of superintendence and direction. The difference between these two measures of labour's value was, for Thompson, the difference 'between almost perfect equality' and 'an excess of both wealth and poverty.' To the extent that force and fraud prevailed, to the extent that the natural laws of distribution were violated, the labourer would tend to be rewarded according to the capitalist's estimate of his worth but 'in proportion as force and fraud have been removed in the progress of the development of wealth, the

tendency has been towards the measure of the labourer.⁵⁷

However, force and fraud or, more specifically, the exercise of monopolistic power,⁵⁸ were not, for Thompson, a necessary feature of a competitive market economy. Rather, they were considered in the *Inquiry* to be aberrant intrusions which obstructed its potentially equitable functioning. A market economy which was truly free was consistent with the natural laws of distribution as Thompson interpreted them. Indeed Thompson saw a truly competitive market as playing a distributive role which militated strongly against inequality. For example, Thompson argued that,

Arrangements to keep up profits are always defeated by private competition: when they are kept too high the demand slackens, the less rich or active feel the loss most by the falling off of their trade; they therefore undersell their fellow capitalists and profits are reduced to what the demand will pay. If the demand be great and profits keep high, new adventurers...spring up, and bring down the profits by increasing the supply.⁵⁹

In this way the forces of supply and demand, 'the competition of other employers' afforded 'under the reign of equal security, another effectual restraint on inequality.'⁶⁰ Thompson grasped, therefore, the kinds of discipline and constraint that a freely competitive market might impose upon those in pursuit of profit.

Similarly with wages, while competition did not produce 'absolute equality' of remuneration, it nevertheless produced what Thompson termed a 'relative equality, all circumstances of risk, skill, unpleasantness of the occupation etc., considered.'⁶¹ Nor was this 'relative equality' one which emerged at some kind of subsistence level. Thompson was quite clear that, 'universal present experience, as well as history, proves the utter falsehood of the assertion, that (the) competition of laborers keeps down wages to the lowest level necessary for existence.'⁶² Thus he cites the example of the non-slave provinces of the United States of America, where he believed the natural laws of distribution were most nearly followed, and where... instead of bringing down the wages of labor to the lowest they are nowhere so high' concluding that,

'The competition of the laborers alone, is not sufficient to keep down remuneration to the lowest.⁶³ Rather, for Thompson, it was the violation of the principles of distribution based upon free competition which reduced the material well-being of the labourer to the level of a meagre and precarious subsistence - 'tis by means of the brutal expedients of insecurity...by the varied employments of force and terror...that the capitalist is enabled to keep down the remuneration of labor...The mere competition of producers, if left to the natural laws of distribution...would be entirely of the exhilarating instead of the depressing species' such competition acting 'constantly to raise the remuneration of labor...while, ...at the same time cheapen the articles produced to society at large.'⁶⁴ Untrammelled competition would operate to banish 'extremes of wealth and poverty.' 'The great mass of vices and miseries arising from excessive wealth and excessive poverty will cease, and those will remain which are inseparable from the competition of talent and exertion in its most useful form.'⁶⁵ Thompson even went so far as to suggest that 'when all obstacles of force and fraud to the entire development of free labor and voluntary exchanges shall have been removed' society would enjoy 'blessings of equality comparable to those enjoyed under Mr. Owen's system of mutual co-operation by common labor.'⁶⁶

Hodgskin similarly attacked the monopolistic and institutional arrangements which by corrupting the natural laws of distribution produced destitution for the many and abundance for the few. In particular he saw the evils of contemporary capitalism as deriving from the excessive aggregation of economic power in the hands of a few capitalists rather than from any inherent failings of the market mechanism. It was not the natural laws of distribution which would prevail in a free market economy which impoverished the working-classes but 'the overwhelming nature of the demands of capital, sanctioned by the laws of society, sanctioned by the customs of men, enforced by the legislature...which keep the labourer in poverty and misery.'⁶⁷ Left to itself the market would confer rewards in proportion to productive effort. As Hodgskin put it in *Our chief crime*, 'competition... is the soul of excellence and gives to every man his fair reward.' In addition the freely competitive market regulated supply, eliminated fluctuations in prices, removed all constraints upon

the expansion of output and so prevented any general depression in the level of economic activity.

Yet Thompson, in his *Inquiry*, was to reject the market while Hodgskin was to embrace it with increasing fervour. What was decisive here and what distinguishes Hodgskin's anti-capitalism from the co-operative socialism of Thompson and others is his and their perception of the social, ethical, psychological and aesthetic consequences of the dominance of the market. For Thompson the economic failings of the market were remediable if competition could be made 'truly free'; not so with the social and moral failings of a society which 'retain(ed) the principle of selfishness...as the leading motive to action.'⁷⁰

For Hodgskin the free market was a major cause of virtuous behaviour as well as economic prosperity. Thus 'The mutual exchange of the products of different climates, is a great means of promoting civilization...(it) gives a perpetual but gentle stimulus to our passions saving us both from the weariness of idleness and from the violent emotions that are followed by painful lassitude.'⁷¹ Further the free exchange of goods and services in the market promoted social harmony and cohesion. This was a function of the division of labour which in turn was a consequence of the growth of a market economy. Thus Hodgskin wrote of 'the great scheme of social production, mutual dependence and mutual service which grows out of the division of labour' and of 'the mutual reliance continually taught and continually extended by nature, as division of labour is extended and all families of mankind are knit by the common bond of commerce into one.'⁷² Here as in most things Hodgskin was the child of his mentor, Adam Smith. Socially, for Hodgskin, the triumph of the market bore its finest fruit in the growth of 'a large middle-class, completely emancipated from bondage and destitution...uniting in their persons the character both of labour and capitalists...They are fast increasing, reducing the whole society to equal and free men.' Thus he welcomed the growth of 'a numerous middle-class, of which all the members are equal to one another, the offspring of division of labour and mutual exchange.'⁷³

The market was, therefore, at the centre of Hodgskin's 'bourgeois Utopia'.⁷⁴ It was the market which was to be left to establish natural prices, distribute the national product, direct productive effort in such a way as to maximise social welfare

and to guarantee macroeconomic equilibrium. Further it would inculcate the virtues of hardwork and independence while promoting social virtue and social cohesion. It was at the heart of Hodgskin's 'ultimate hope for an embourgeoisment of civil society.'⁷⁵

The position of Thompson and other early nineteenth century socialist writers was quite different. Even if the market could be purged of monopolistic power and institutional corruption the nature of the behaviour it encouraged, the social values it established and the moral and cultural tone of the society it created precluded its incorporation into any new moral world and necessitated its destruction. The elimination of monopolies and the freeing of the market from corrupting institutional constraints might remove its economic failings but not the socially and psychologically corrosive influences which emanated from it.

For these writers the market was, above all else, an arena of conflict. It was where the economically powerful wrested their gains from the economically vulnerable. To enter the market was to participate in a zero sum game where the gains of some were necessarily balanced by the losses of others, with social and individual antagonism the inevitable consequence. Thus, 'Every man who acquires any of the means of happiness, does it at the cost of his fellows: and every man who rises at all...under our commercial arrangements, rises either through the downfall, or to the manifest injury of others.'⁷⁶ This meant for Bray that 'Under the present system there is not, and there never can be, a community of interest, for the interest of every class is opposed to the interest of every other class; and nothing can be gained by the capitalist that is not lost by the producer.'⁷⁷ Under the existing system of competitive market exchange social harmony was shattered, social cohesion jeopardised while civil society disintegrated into a collection of warring atoms, 'The hand of every man is more or less raised against every other man...the interest of every class is opposed to the interest of every other class...and all other interests are in opposition and hostility to the working man.'⁷⁸

The market institutionalised conflict. Where exchanges were unregulated; where they were the by-product of the unconstrained pursuit of gain; where value was determined by *force majeure* rather

than rational assessment of worth, then conflict between the buyers and sellers of goods and labour was inevitable. Thus, to the extent that market price was raised or lowered, the capitalist or labourer, employer or employee, consumer or producer gained or lost.

For socialist writers the social costs of this institutionalised conflict were high. Where social relationships were mediated by market price, the bonds of loyalty, obligation, trust and responsibility necessary for social cohesion were ruptured. Further, the very volatility of the market and the speed of the changes it precipitated precluded the existence of strong social ties. Quoting Owen, 'To-day he (the labourer) labours for one master, to-morrow for a second, then for a third, and a fourth, until all ties between employers and employed are frittered down to the consideration of what immediate gain each can derive from the other.' In this context man became a thing, a mere commodity with 'the employer regard(ing) the employed as mere instruments of gain.'⁷⁹ Here social relationships were inevitably corrupted. Where 'the principle of selfishness' triumphed over 'the principle of benevolence, as the leading motive to action,' 'each mistrusts and is mistrusted, suspicion is the inmate of every breast usurping the place of benevolence and friendship.'⁸⁰ Thus instead of deriving pleasure from the exercise of social virtue and sympathy, those who participated in a market economy wallowed in 'the pleasures of competition, founded on the inferiority of comforts, of intelligence, or of moral qualities of others,' pleasures which were 'fenced around with envies, jealousies, ill-will, suspicions and dread of ill-offices from all around'⁸¹ and which tended inevitably 'to destroy the mutual love which should exist between men..... (teaching) them to seek for happiness in antipathy'⁸².

This in turn left its corrosive mark on the moral and intellectual character of the population. Thus for Owen, 'The manufacturing system (had) already so far extended its influence over the British Empire, as to effect an essential change in the general character of the mass of the people...Ere long, the comparatively happy simplicity of the agricultural peasant will be wholly lost amongst us. It is even now scarcely anywhere to be found *without a mixture of those habits which are the offspring of trade, manufactures and commerce*.'⁸³ Commerce, trade, the market had robbed the labourer of his 'happy simplicity'⁸⁴ and by establishing 'the present

demoralizing system of bargaining between individuals' had tended to 'deteriorate and degrade the human character.'⁸⁵ As another writer put it, bargaining for money profit had 'highly injurious effects upon the disposition, mind and conduct of each individual' tending 'to lower the character and make hypocrites of buyers and sellers.'⁸⁶ In the words of J. F. Bray, 'the present social system is altogether unfavourable to the attainment of a high standard of excellence in regard to character... bring(ing) into play the lowest and the worst of man's faculties.'⁸⁷ Indeed, the whole business of buying and selling put a premium on such abilities and encouraged behaviour of an ethically repugnant kind. Thus, where 'All (were) sedulously trained to buy cheap and to sell dear, to succeed in this art, the parties must be taught to acquire strong powers of deception.'⁸⁸ To engage, or at least to engage successfully in the market it was necessary to sacrifice 'truth and sincerity...for dishonesty and misrepresentation.'⁸⁹ It also required the exercise of a calculating dispassionate ruthlessness. It was 'the most clever and shrewd...(who were) enabled to become capitalist dealers in other men's industry' and these men 'learn(ed) involuntarily to assume all the tyranny and heartlessness by which the character of that class is defined. This has been the working of the competitive system; thus has the population of the country become divided into two classes - capitalists and labourers.'⁹⁰

In a competitive market economy, therefore, even cleverness, shrewdness, man's intellectual powers were perverted to uses which engendered poverty, misery and social antagonism rather than being deployed for the benefit of mankind. Participation in such an economy demanded 'the prostitution of the intellectual faculties'⁹¹ and it also, for Thompson, involved the social apotheosis of the talented into the ranks of those who wielded economic power for private gain rather than social benefit. Thus, 'By means of the spirit of competition, all the superior talents, that may spring up amongst the industrious classes, are to be allured into the ranks of the mingled aristocracy of force and chicane, and the moneyed man or capitalist...Almost all existing talent is enlisted under the banners of competition, and is only panting to attain the envied lot of the capitalist or feudal distinctions. This is the real, present, pressing evil against which the industrious classes have to guard.'⁹² Further, if the market encouraged a

perverted, self-seeking use of man's rational faculties, to secure social prestige and economic success, it could also cause them to atrophy or degenerate altogether. As one writer put it, 'so long as a system shall prevail throughout society to train young persons from an early period of their life in the habit of endeavouring to buy cheap and sell dear...of necessity the human mind must and will be formed of low grade.'⁹³

Yet it was not only the nature of the economic activity which the market demanded, it was also the competitive pressures it imposed which atrophied man's intellectual powers. Competition necessitated the reduction of unit costs and excessive labour was the necessary penalty paid by the labouring classes for the success their employers sought. Thus, 'By the competition of individual interests, directed to the acquisition of property, and the attainment of distinction, the practical members of society are not only stimulated to exertion, but actually forced to submit to a most jading, laborious, and endless course of toil, in which neither time, opportunity nor inclination is left for the cultivation and enjoyment of the higher powers of the mind.'⁹⁴ Further the nature of the work which market imperatives demanded of the labourer was unlikely to result in that development of those 'higher powers of the mind' which the absence of leisure time destroyed. Thus the division of labour necessary for productivity gains and thence market success, by confining the attention of the labourer to a small fragment of the production process, precluded any concern with wider issues and questions which might have encouraged a cultivation of the intellect. As one writer argued, along lines which read like a paraphrase of the *Wealth of Nations*, the division of labour, 'rears an immense number of industrious men, who are utterly ignorant, except of the minute details of their own small department or art, and who are altogether useless and helpless, except when combined under one employer. If not counteracted in its effects by an extensive education it renders the workmen incapable of properly discharging their duties...as members of society, by leaving them ignorant of everything except their own narrow department of trade.' In consequence 'Man' became 'a mere machine...enslaved, degraded and debased.'⁹⁶

In the context of a competitive market economy, therefore, the labourer was debased to the point

where he became an unthinking cog in the process of production, while in the labour market, his status was reduced to that of a commodity to be bought and sold. In the words of Thompson the market turned 'human beings themselves' into 'articles of trade', for in a market economy 'nothing in life is too sacred not to find its price in money.'⁹⁷ It was this corrosion of social relations above all else that precluded moral behaviour where the market dominated existing economic and social arrangements.

Finally there were the psychological costs of participating in a competitive market economy. These were seen as stemming, in large measure, from the uncertainty which the market created. Of course uncertainty and anxiety had always been a concomitant of economic life. However, the impression conveyed in the work of early nineteenth century socialist writers was that the volatility of market forces and the apprehension they created were qualitatively different from what had previously been experienced. This is understandable. For, where agriculture had been the dominant form of economic activity, uncertainty had derived, for the most part, from the vagaries of nature. Dearth and plenty, a rise or fall in prices were then phenomena with an easily observable and explicable cause. However, with a greater diversification of economic activity and a corresponding growth in the influence of the market, this ceased to be the case. For example, the macroeconomic fluctuations which increasingly characterised the nineteenth century British economy were not so easily explained, or at least occurred for reasons beyond the comprehension of most of those who suffered their effects.⁹⁸ In such circumstances the economic world could and did assume an alien and unpredictable character inducing an insecurity all the more profound because the subsistence of the labourer increasingly depended upon his ability to sell his services in the market. Nor was there any longer the spiritual and psychological consolation of explaining one's plight by reference to the beneficence or ire of the Deity acting through nature. The destitution caused by unemployment could not be invested with the same kind of religious significance as the human suffering which resulted from natural disasters.

Further, with the growth of the market economy, the consequent commoditisation of labour and the total dependence of the worker on its saleability,

uncertainty of paid employment assumed a qualitatively different significance. It was no longer the fear of dearth for a season but the fear of permanent or near permanent destitution⁹⁹ which scarred the consciousness of labour. J.F. Bray grasped clearly the nature of the transformation in the position of the labourer which the market had effected. As he wrote in his *Voyage from Utopia*, 1842,

Men were not formerly congregated in such large masses, dependant on manufacturing employment and liable to be cast helpless upon the world at any moment; but they dwelt at greater distance from each other and agriculture afforded them the means of subsistence. They were not, as at present, exposed to the mercy of uncontrolled and uncontrollable circumstances, such as now leave them to indolence and beggary, although they have the desire and power to labour and create productions. True, the unfavourableness of seasons occasionally reduced them to famine and suffering; but in addition to these causes of misery, there is now for greater numbers a permanent famine, without hope of alleviation.¹⁰⁰

The volatility of the market and the labourer's increasing dependence upon it meant that he had now to confront the possibility of prolonged periods of impoverishment and to bear the psychological burden of debilitating anxiety which that imposed.

There was too, the uncertainty which arose from fluctuations in the value of money. The instability of existing money as a standard of value was, as has been stressed, one of the distinguishing characteristics of early nineteenth century socialist political economy. For socialist writers the value of money was liable to pernicious and arbitrary alteration and, through its impact upon the real wages of labour this rendered precarious the labourer's material well-being. Thus both in terms of the demand for labour and in terms of the medium for which it exchanged, the market created an orderless, treacherous and angst-ridden economic environment whose denizens were perpetually wretched 'from the degree of corroding anxiety and care' which they necessarily suffered.¹⁰¹

There were also the deleterious psychological consequences of the frenzied pursuit of material gain in a competitive economy. This desire for

profit was 'a source of restless discontent and disquietude making our lives into a continued and impatient struggle for pre-eminence.'¹⁰² Thus, for Thompson, there was in early nineteenth century Britain 'an over-anxious pursuit of wealth' or, as he phrased it in his *Practical Directions*, 'a universal fever of excitement not to increase enjoyment but to outrun each other, runs through society and...sometimes the glaring effects of insanity are produced, sometimes self-destruction.'¹⁰³ Such were the destructive psychological repercussions of the singled-minded, self-interested pursuit of material gain which the market demanded of its participants, or at least those participants who sought to survive and prosper.

For early nineteenth century socialists such arguments were decisive against the market. It might indeed be purged of its economic deficiencies but as a source of narrowly materialistic selfishness, individual and social conflicts, immorality, angst, insecurity and dehumanising mental atrophy, in short, as the source of the corruption of Man's social nature, the market's faults were irremediable. In the final analysis there could, for Thompson and other early nineteenth century socialist writers, be no compromise with the market; because of the socially corrosive nature of the values and behaviour which it engendered it could or should play no part in the socialist society of the future.

What then would perform its functions? How would the problems of economic calculation and organisation be solved in the absence of a market mechanism? To those questions early nineteenth century socialist writers provided essentially two answers. The first involved the creation of largely autarkic co-operative communities while the second pointed to the possibility of rationally planning the pricing, allocation and distribution of goods and services through the medium of some central authority or authorities. It is with the first of these solutions to the problem of economic organisation in the absence of a market that the next chapter will be concerned.

NOTES

1. New Moral World, 10 October 1838, 34.

2. A Skilled Labourer, An Essay in Answer to the Question, whether does the principle of competition with separate individual interests or the principle of united

exertions with combined and equal interests form the most secure basis for the formation of society, London, 1834, 26.

3. New Moral World, 29 November 1834, 36.

4. R. Owen, 'A Plan preliminary to the complete adoption of the Community System', *ibid*, 28 September 1836, 381.

5. 'The Staffordshire Potteries', *ibid*, 19 November, 1836, 25.

6. N. Thompson, The People's Science, the popular political economy of exploitation and crisis, 1816-34, Cambridge University Press, 1984, 73-81.

7. Wm. Thompson, An Inquiry into the Principles of the Distribution of Wealth most conducive to Human Happiness, London, 1824, 591; John Gray, A Lecture on Human Happiness, London, 1825, 8; J.F. Bray, Labour's Wrongs and Labour's Remedy or the Age of Might and the Age of Right, Leeds, 1839, 102; Thomas Hodgskin, The Natural and Artificial Right of Property Contrasted, London, 1832, 98.

8. For a fuller exposition of this argument see N. Thompson, The People's Science, 82-110. However, for a recent study which points to the possible influence of Bray on Marx, see J.P. Henderson, 'An English Communist, Mr. Bray [and] his remarkable work', History of Political Economy, 17, 1986, 73-95.

9. J.F. Bray, Labour's Wrongs, 57.

10. Wm. Thompson, Labor Rewarded, the Claims of Labor and Capital conciliated or, how to secure to Labor the whole product of its exertions, London, 1827, 12. Like Hall and Ravenstone, early nineteenth century socialists had a thoroughly Aristotelian conception of the 'unnatural' nature of the gains made in exchange.

11. T. Hodgskin, Popular Political Economy, Four Lectures delivered at the London Mechanics' Institute, London, 1827, 185; John Gray, Lecture, 39.

12. A British Officer, 'Politics for the poor and rich', New Moral World, 30 July, 1836, 319; A. Combe, The Sphere for Joint Stock Companies: or the way to increase the value of Land, Capital and Labour, Edinburgh, 1825, 20; J.F. Bray, Labour's Wrongs, 47; T. Hodgskin, Popular Political Economy, 219. Also T. Hodgskin to F. Place, letter, 25 November, 1820, quoted in full by E. Halevy, Thomas Hodgskin, London, Benn, 1956, 69-75.

13. 'The Old Immoral World', New Moral World, 14 November 1835, 18. R. Owen, 'To the principal spinners, manufacturers and practical agriculturalists and the operatives of the manufacturing district', *ibid*, 1 April 1837, 183.

14. Thomas Hodgskin to Francis Place, 23 September 1818, quoted from E. Halevy, Thomas Hodgskin, 40.

15. *ibid*, 31 October 1835, 1; *ibid*, 14 November, 17.

16. A. Combe, The Sphere of Joint Stock Companies, 25; Thomas Hodgskin, Labour Defended against the Claims of Capital, London, 1825, 27; Wm. Heighton, An Address to the

Members of Trade Societies and to the Working-Classes generally, London, 1827, 5.

17. T. R. Edmonds, Practical, Moral and Political Economy; or, the government, religion and institutions most conducive to individual happiness and to national power, London, 1828, 97.

18. *ibid*, 27.

19. Wm. Thompson, Inquiry, 240.

20. *ibid*, 439; Wm. Thompson, Labor Rewarded, 46.

21. John Gray, Lecture, Preface.

22. K. Marx, Capital, a critical analysis of capitalist production, 3 vols., London, Lawrence and Wishart, 1974, Vol. 1, 50. However, while this led Marx on to a dispassionate analysis of the consequences and the formulation of a theory of exchange value, it provoked in early nineteenth century anti-capitalist and socialist writers a sense of outrage and a determination that under a different order of things value would reflect social utility.

23. For socialist writers such opinions were consistent with the reality of post-Napoleonic war price fluctuations. Thus on Owen S. Pollard has written that, 'It was to that time (1815-19) that Owen's suspicion of a gold and silver currency, his preference for 'labour notes' and his hostility to the National Debt can be traced', 'Robert Owen as an Economist', in Robert Owen and his Relevance to our Times, Co-operative College Paper No. 14, Loughborough, 1971, 32.

24. New Moral World, 1 April, 1837, 183; Wm. King, To the Useful Classes, 2nd ed., London, 1831, 1; J. Gray, The Social System, A Treatise on the Principle of Exchange, Edinburgh, 1831, 61; Wm. Thompson, Inquiry 544; Wm. Thompson, Labor Rewarded, 62.

25. J. Gray, Lectures on the Nature and Use of Money, Edinburgh, 1848, 84.

26. H. McCormac, An Address to the Working Classes, Belfast, 1830, 22; John Gray, Lectures, 32; Wm. Thompson, Inquiry 129.

27. Wm. Thompson, Inquiry, 22; Anon., An Essay in Answer to the Question, 43.

28. 'Free Trade', New Moral World, 5 August 1837, 337.

29. *ibid*, author's emphasis; on the Aristotelian notion that 'External trade is natural when it serves the survival of the community by maintaining its self-sufficiency', K. Polanyi, 'Aristotle discovers the economy' in G. Dalton (ed.), Primitive, Archaic and Modern Economics, 96.

30. J. Gray, The Social System, 237, 168.

31. Wm. Heighton, An Address, 13, 11.

32. Co-operative Magazine, 2 October, 1827, 436.

33. New Moral World, 18 April, 1835, 195.

34. 'Mr. Owen's view,' *ibid*, 5 September 1835, 357.

35. *ibid*, 18 April 1835, 195; Anon., Report of the Committee of Journeymen, chiefly Printers, 2nd ed., London, 1821, 3.

1821, 3.

36. R. Owen, Report to the County of Lanark of a Plan for Relieving Public Distress, in A New View of Society and other Writings, London, Dent, 1927; R. Owen, An Address to the Master Manufacturers of Great Britain, Bolton, 1819, 5.

37. The anti-capitalist Hodgskin adhered to a similar view of the causes of general economic depression, see, for example, Popular Political Economy, 246.

38. Wm. Thompson, Inquiry, 422.

39. I. Hodgskin, The Natural and Artificial Right, 150.

40. J. Gray, The Social System, 273; see also, for example, J. F. Bray, Labour's Wrongs, 112, 'the practice of stopping labour at that point where it can produce, in addition to the subsistence of the labourer, a profit for the capitalist, seems opposed to the natural laws which regulate production.'

41. *ibid*, 103.

42. H. McCormac, An Appeal on Behalf of the Poor, Belfast, 1831, 5.

43. Wm. Heighon, An Address, 25.

44. *ibid*.

45. J. F. Bray, Labour's Wrongs, 156; 'the productive powers had latterly been so greatly in excess of the powers of demand that gluts of merchandise in all the foreign markets were of periodical recurrence...Wages had been reduced in consequence, which still more lessened demand', New Moral World, 27 February, 1836.

46. There existed 'a species of money, which is not capable of being increased as rapidly as the aggregate of commodities', J. Gray, The Social System, 282; for socialist writers like W. Hawkes Smith, 'A real representative of wealth...must possess the capacity of being increased as real wealth increases, of being diminished as real wealth diminishes, and of being unchangeable in its value, or estimation, throughout society.' The regular 'recurrence of commercial panics' suggested to Smith, therefore, that there was 'some decided and radical error in our monetary system', Letters on the State and Prospects of Society, Birmingham, 1838, 2-3, 7.

47. John Gray, The Social System, vii.

49. However, socialist and anti-capitalist writers rarely challenged the classical view of price movements as the equilibrating mechanism. One writer who did was the anonymous author of An Essay in Answer to the Question. This writer argued that 'To say...the increased consumption in consequence of cheapness gives eventually more employment to a labourer is...but a very superficial remark. The rich will not purchase articles of which there is a sufficiency because they are cheaper...consumption is increased, but not sufficiently to counterbalance the depreciation of labour attending the introduction of machines', *op. cit.*, 27.

50. C. Bray, Introduction to M. Hennel, An Outline of the various Social Systems and Communities which have been founded on the Principles of Co-operation, London, 1844, xxx. Another Fourierist in The London Phalans wrote of 'half a century of anarchy in trade disguised by political economists with epithets of freedom in supply and demand', see R.K.P. Pankhurst 'Fourierism' in Britain', International Review of Social History, 1956, 425.

51. It is interesting to note here that G.D.H. Cole went so far as to argue that, 'In the Inquiry, though Owenism is praised, there is nothing to exclude the continuance of a system of production mainly in the hands of individual producers', A History of Socialist Thought, 5 vols., Vol.1, Socialist Thought : The Forerunners, 1789-1850, 1, London, Macmillan, 1977, 116. In this context too it is interesting to note R.S. Neale's remark that 'Beliefs about labour's right to the whole product did not necessarily lead to collectivist and revolutionary socialism', Class in English History, 1680-1860, Blackwell, Oxford, 1981, 187. Similarly, H.L. Beales argued that it was not until Labor Rewarded, that 'Thompson had resolved all his doubts as to what should be the form of society in which his principles should be embodied', The Early English Socialists, London, Hamilton, 1933, 78. It is misleading, therefore, to suggest as does J.E. King, that Thompson's Inquiry was a 'sustained critique of competitive capitalism from the viewpoint of Owenite socialism', 'Perish commerce! Free trade and underconsumption in early British radical economics', Australian Economic Papers, 20, 1981, 245.

52. Wm. Thompson, Inquiry, 160.

53. 'The restraints and plunder of political power have been always...amalgamated with those of capitalists', *ibid*, 422. 'Whatever plunder is saved from the hand of political power, will be levied in another way under the name of profits, by capitalists', *ibid*, 594.

54. *ibid*, 581.

55. *ibid*, 591.

56. *ibid*, 164, 594.

57. *ibid*, 167-71.

58. For Thompson on the exercise of monopolistic power see *ibid*, 103-44.

59. *ibid*, 246.

60. *ibid*, 244.

61. *ibid*, 127.

62. *ibid*, 248.

63. *ibid*.

64. *ibid*, 524.

65. *ibid*, 585.

66. *ibid*, 150.

67. T. Hodgskin, Labour Defended, 23.

68. 'The unrestricted competition, which nature

establishes, must be the rule for all our transactions; and by the higgling of the market...must be regulated...the profit of the shopkeeper, and the wages of the labourer', Our chief crime: cause and cure, Second Lecture on what shall we do with our criminals, delivered at St. Martin's Hall, London, 1857, 26.

69. *ibid*, 3.

70. Wm. Thompson, Inquiry, 369.

71. T. Hodgskin, Popular Political Economy, 166.

72. T. Hodgskin, The Natural and Artificial Right, 77; Popular Political Economy, 161.

73. T. Hodgskin, The Natural and Artificial Right, 101; Peace, Law and Order. A Lecture delivered in the Hall of the National Association, 29 December, 1842, London, 1842, 16.

74. See C. Driver, 'Thomas Hodgskin and the individualists' in F.J.C. Hearnshaw (ed.), The Social and Political Ideas of some Representative Thinkers of the Age of Reaction and Reconstruction, London, Harrap, 1932, 219.

75. *ibid*, 214; in this respect it is misleading to suggest that Hodgskin looked to a 'non-governmental society on Godwinite lines', H.L. Beales, The Early English Socialists, 90, my emphasis. On the centrality of the competitive market in Hodgskin's thinking see also E.K. Hunt, 'The relation of the Ricardian socialists to Ricardo and Marx', Science and Society, 44, 1980, 196.

76. Wm. Heighton, An Address, 32.

77. J.F. Bray, Labour's Wrongs, 122.

78. *ibid*, 28; J. Gray, Lecture, 46, 'man becomes the universal foe of man...The destruction of one is the prosperity of another; thus envy, hatred, malice, personal enmity and perfect indifference to the imperatives of our fellow creatures, become generated in the human heart.'

79. R. Owen, Observations on the Effect of the Manufacturing System, 1815, in A View of Society and other writings, 124.

80. Wm. Thompson, Inquiry, 369; Anon., An Essay in Answer to the Question, 9-10.

81. Wm. Thompson, Inquiry, 65.

82. Anon., An Essay in Answer to the Question, 32.

83. R. Owen, Observations, 122, my emphasis.

84. *ibid*.

85. R. Owen, Report to the County of Lanark, 25.

86. 'Cathecism of the New Moral World', New Moral World, 3 January, 1835, 76.

87. J.F. Bray, Labour's Wrongs, 134.

88. R. Owen, Observations, 122.

89. Wm. Thompson, Labour Rewarded, 16.

90. 'Competition', New Moral World, 3 December, 1836, 45.

91. J. Gray, Lecture, 43.

92. Wm. Thompson, Labor Rewarded, 9-10.

93. 'Competition', New Moral World, 3 December, 1836, 45.

94. Anon., Elements of the Principles best calculated to heal the Woes of Mankind, published by the Christian Co-operative Community Society, Cheltenham, 1842, 4.

95. *ibid*, 8.

96. J. Thimbelby, Monadelphia : or the formation of a new system of society, without the intervention of a circulating medium, Barnet, 1832.

97. Wm. Thompson, Inquiry, 504; Practical Recommendations for the Speedy and Economical Establishment of Communities, London, 1830, 200.

98. Depressions such as that of 1825-6 'mystified many contemporaries' as 'something which could not be explained in terms of a transition from war to peace', B. Hilton, Cash, Corn and Commerce, the economic policies of the Tory Governments, 1815-30, Oxford University Press, 1977, 202.

99. 'The consensus of the chief statistical series shows that fluctuations were both pervasive and persistent', A.D. Gayer, W.W. Rostow and A.J. Schwartz, The Growth and Fluctuation of the British Economy, Vol.2, 2.

100. J.F. Bray, A Voyage from Utopia, 1842, edited and with an introduction by M.F. Lloyd-Prichard, London, Lawrence and Wishart, 1957, 183. A key element here as E.P. Thompson has rightly emphasised was the 'loss of non-monetary usages or perquisites or their translation into money payments', 'Patrician society, plebian culture', Journal of Social History, 7, 384; in this context see also H.J. Perkin's remarks on the 'new problem of insecurity created by fluctuations in employment', The Origins of Modern English Society, 1780-1880, Routledge and Kegan Paul, 1981, 162.

101. New Moral World, 20 February, 1836, 130; there are striking parallels between the Aristotelian and early nineteenth century socialist views on the exchange economy as a source of anxiety, see, for example, I.J. Lewis, 'Acquisition and anxiety, Aristotle's case against the market', Canadian Journal of Economics, 11, 1978, 82-84; also G. W. Wilson, 'The economics of the just price', History of Political Economy, 7, 1975, who has argued that in the ancient and medieval worlds, 'The notion of the just price was rooted in the quest for stability at a time when existing social forms were changing.'

102. Wm. Thompson, Inquiry, 193.

103. Wm. Thompson, Practical Directions, 199-200.

Chapter 4

Communitarian Political Economy, 1815-50

For communitarians the fundamental prerequisite for the construction of a socialist society was a retreat 'from the hustle and care of the outward world', 'the competition and struggles of worldly traffic.'¹ Thus the community should 'as far as possible contain all that is requisite for supplying the necessities, comforts and beneficial luxuries of life'; 'Each association, generally speaking, should create for itself a full supply of the usual necessities, conveniences and comforts of life.'² It was this which would allow communitarians to 'withdraw from...the sources of misery' or as another writer put it to 'retire from the mass of outward deteriorating circumstances.'³ In particular such autarky,⁴ by eliminating the necessity for exchange in and with a market economy would preclude any possibility of labour exploitation rooted as that was in the whole process of buying and selling. As Thompson saw it 'every step that one of these... Associations of Capitalist-Laborers advances in the career of supplying, by the labor of co-associates, their own wants, a proportionate advance is made in securing to themselves the whole product of their labor. On every article thus supplied, they save the deductions of exchanges and all the charges of the ordinary mode of distribution...and supply themselves at first cost.' It was imperative, therefore, that co-operative communities 'possess every requisite within themselves.'⁵

By removing the possibility of exploitation, the abolition of exchange allowed these communities to destroy the economic roots of social antagonism. Further, the very abundance which co-operative arrangements created would preclude those conflicts which resulted from scarcity. This abundance would result from the elimination of the waste which

attended an atomised system of production,⁶ from the removal of demand constraints upon the expansion of productive capacity and the maximisation of output and, for some, from the limitation of needs in relation to expanded powers of production.⁷ Thus with co-operative communities 'wealth (would) everywhere, and at all times, superabound beyond the wants or wishes of the human race, and all desire for individual accumulation or inequality cease.'⁸ The acquisitive instinct would atrophy and with it the cause of disputes over material possessions. In the 'New Moral World' of the Owenites 'individuals (would) not trouble themselves with the possession or useless care of property...because they know that whenever they require any of it they can easily obtain as much as will fully satisfy their wants.'⁹ In general, as Owen saw it, 'if men were placed in a situation where by moderate occupation, without care or agitation of mind, they could procure the necessaries and comforts of life in abundance, they might be trained to dispute as little about the division of them as they do about the commonly attainable products of nature.'¹⁰

From this would follow a revolution in social and personal behaviour. This escape 'from the external discordance and disagreement of actual society'¹¹ would allow communitarians to act in a truly moral fashion. The abolition of exchange within co-operative communities meant that 'all bargaining and its degrading effects on human character will be obviated.'¹² Also, the existence of abundance and the absence of a market would eliminate all opportunity and motives for exploitative gain. In effect co-operative communities would 'add to virtue by banishing almost all temptations to vice.'¹³ Their 'effects on the morals of (their) members are evident, they would be virtuous, for there can exist no cause for vice.' Such arrangements would spell an end to the 'contentions, animosities and cruelties engendered by...the most chastened pursuit of individual gain'¹⁴ as the opportunity for individual gain was itself removed. As Thompson saw it this retreat from a competitive market economy would abolish 'falsehood, thieving, perjury' for in the context of the community 'feelings can neither be *bought*, nor *sold*, nor feigned.'¹⁵

With social harmony, social virtue and plenty went an end to the macroeconomic instability and the general uncertainty which the market economy engendered. In part this was due to a simplific-

ation of the problem of matching demand with supply within communities. Thus as Thompson saw it 'they would render supply and demand always commensurate and reduce the economy of supply and demand...to *fixed and easily ascertained data*.'¹⁶ In part too the equality of supply and demand would be guaranteed by the nature of production. Thus the goods produced would be necessities for which there would always be a stable and expanding demand. As Thompson saw it the 'Demand...and supply of all articles necessary to health must be commensurate' while 'a community would be very careful how it directed its surplus labour to the production of any articles, however glittering the immediate profit, for which *the real and regular wants of society... did not guaranty something approaching to a permanent demand*.'¹⁷ As another writer put it 'the demand for labour would be simple and uniform, not as at present, complex and uncertain, influenced by all the intricacies of whim, fashion and duplicity'.¹⁸ Within the co-operative community, therefore, demand would be simple, stable¹⁹ and easily ascertainable and, given the capacity for creating abundance, it would be satisfied. There would, for example, be no question of the absence of profit precluding the utilisation of available productive capacity as there was in a market economy. Communitarian socialism would ensure that 'the real wants of mankind would be the only limit to demand...industry would never be fettered while wants existed; within the community, as the same writer put it, 'There would be no factitious system of demand and supply to check the exertion of its members, and make a great portion of them idle.'²⁰

Stability, security, self-sufficiency, simplicity, social harmony, social virtue, material abundance, these were to be the distinguishing characteristics of the co-operative community and they were characteristics with a definite appeal for those who had been buffeted by untrammelled market forces. As one writer put it in 1825, communities were suited for 'the relief of those who are unable to withstand the excessive competition, the redundancy of talent, or the pressure of the times singly; and to those who prefer tranquility and security to turmoil and uncertainty.'²¹ The question arises, however, as to how, in the absence of a market, communitarian economic calculation and decision-making would proceed? How, for example, would the value of goods be calculated and on what basis would allocative and distributive decisions

be made? Within the co-operative community, of course, valuation would, in theory, no longer be required.²² Thus the existence of a material abundance meant that, as one writer put it, the practice of attaching a value to goods and services was 'now outgrown by our enlarged resources for the creation of wealth, and our knowledge of the means by which man may be controlled by moral influences, *which supersede the necessity for attaching money-value to any production whatever.*'²³ As another saw it, because 'wealth of all kinds will be so delightfully created in greater abundance than will ever be required, no money price will be known, for happiness will not be purchaseable except by a reciprocity of good actions and kind feelings.'²⁴ Thus with abundance there ceased to be a need for some index of relative scarcity and, in any case, the abolition of exchange and the triumph of a socially inspired reciprocity, destroyed the need, within communities, to set about the business of determining exchange values. Yet this still left the problem of what would govern the rate at which the community would exchange its goods with others. On what basis would exchanges be conducted with the economic world which lay beyond the community's portals and between communities themselves.

Given the avowed aim of self-sufficiency it is clear that communitarians sought to keep such exchanges to an absolute minimum, but given that communities would often, initially, be 'necessarily small, not exceeding villages in size...they must have connexions, in the way of exchange, with neighbouring communities.'²⁵ So on what basis would 'these few exchanges, which the superintendants would have to transact,' take place?²⁶ How, once the idea of market valuation had been jettisoned, would goods be priced? The solution, for co-operative socialists was to use the labour theory of value for constructive as well as critical purposes. Thus communities should, both in their transactions with each other and with society at large, exchange 'a just equivalent of labour for labour and no more.'²⁷ 'Where any exchanges (were) beneficial or necessary, all exchanges of commodities [were]...to be made on the principle of equal labour for equal labour at a bazaar to be established in each village and so arranged that every commodity may be conveniently exchanged without loss of time or morals to the producers.'²⁸

Such ideas had a pedigree which may be traced back at least as far as Robert Owen's *Report to the*

County of Lanark, 1821 and indeed they were briefly given institutional embodiment in the 'equitable labour exchanges' founded in Birmingham and London in 1832; exchanges which were regarded by many as stepping stones on the road to the new moral world.²⁹ Such a socialisation of exchange was an attempt to short-circuit the market; it was an attempt to replace pricing by uncontrollable and unpredictable market forces, a pricing by conscious, rational determination of values³⁰ and to do so by reference to the criteria of social worth and labour effort. Instead of being a sphere of activity governed by the self-interested behaviour of individuals, exchange was to be conducted according to social objectives, social needs and social justice.³¹ In a Polanyian sense it was to be socially 'embedded' and indeed there are clear parallels between the nature and objectives of exchange as socially embedded in primitive and archaic economies and what early nineteenth century socialist writers sought to achieve through the socialisation of exchange.³² As one social anthropologist has put it, 'To see the exact ways in which the economy is embedded in Trobriand society helps us to understand those features of nineteenth century industrial capitalism that Robert Owen and the socialists were reacting against in trying to create similarly embedded economies.'³³ Thus just as 'archaic money' had 'the singular effect of solidifying the social structure' through 'the quantitative identification of obligations and rights,'³⁴ the early nineteenth century proponents of the socialisation of money similarly sought to ensure that in the act of exchange values embodied an expression of reciprocal social obligations.³⁵ Such values should convey a sense of the social utility which goods yielded and the social effort involved in their production. In this way the reciprocity of economic relationships would be formalised and social cohesion fostered.³⁶ Also by ensuring that economic justice was seen to be done and by orienting productive activity to the output of goods which enhanced social welfare, the socialisation of exchange would further encourage a sense of society. In general it was believed that exchange values could be rendered subordinate to society's objectives and estimations of worth rather than society remaining a prey to uncontrolled and uncontrollable exchange values. Valuation in terms of labour time, the socialisation of exchange would, its advocates believed, neutralise the socially centrifugal and inequitable forces which the market

could and did generate.

So why would labour provide the apposite basis for such a socialisation of value and exchange? To begin with labour was seen as constituting the 'essence of all wealth'; it was believed that it could accurately convey the 'intrinsic worth' or social value of a commodity.³⁷ For early nineteenth century socialist writers labour represented a 'natural standard of value'³⁸ as opposed to gold or silver, the 'introduction' of which 'as a standard of value (had) altered the *intrinsic* values of all things into *artificial* values.'³⁹ In particular it was believed that a labour time standard of value had the precious quality of immutability. As Owen saw it, once 'the average of human labour or power may be ascertained...as it forms the essence of all wealth, its value in every article of produce may also be ascertained, and its exchangeable value with all other values fixed accordingly, *the whole to be permanent for a given period.*'⁴⁰ Thus in place of the uncertainty of fluctuating prices subject to the vagaries of market forces the socialisation of exchange through the determination of labour values would create stability and security. Value or worth would not be eroded or inflated by the fluctuation of fictitious values; what had cost labour effort and was valued accordingly would not suddenly be denuded of its worth as when value was bestowed by transient market forces. Further, the rivalry, antagonism, gambling, speculation, fraud and deceit which was the inevitable concomitant of the fluctuating and uncertain prices produced by untrammelled market forces would vanish where values i.e. labour values were given, immutable and known by all. In such ways the new standard of value could be expected to lay the basis for the emergence of that social sense and those social sensibilities which were the *sine qua non* of a new moral world.

The socialisation of exchange through the introduction of a labour standard of value and/or a labour medium of exchange was also seen as eliminating the primary source of exploitation. It would guarantee the equal exchange of labour for labour and it would undermine the economic power of those who controlled the existing monetary system. Once '*bona fide* labour notes' had replaced 'the paper promises of the capitalists',⁴¹ then money would lose its coercive economic potential. In addition it was believed that a socialised medium of exchange would limit the capacity to accumulate. Labour notes it was believed 'will give command only over

the products of labour' in contrast to the existing monetary medium which 'may accumulate in the hands of individuals to an enormous extent and thereby give them a power over the direction and produce of labour.'⁴² Labour notes had necessarily to be exchanged for goods and there was, therefore, no reason for their accumulation. Finally, this socialisation of exchange would ensure that the medium of exchange and the output of commodities would expand *pari passu*. Notes would be issued on receipt of goods and only on the receipt of goods and would therefore necessarily match the value of these in the market. Thus it was believed that 'the system of Labour Exchanges...(was) eminently calculated to benefit the labouring classes by furnishing them with permanent productive employment...creating markets co-extensive with production.'⁴³

In defence of such jejeune notions it can be said that what writers like King, Gray and Owen had at least grasped was that it was money which, in the words of Marx, 'convert(ed) every product into a social hieroglyphic.'⁴⁴ Money values mediated social relationships and, therefore, in any economy characterised by exchange they could fulfil a role which was socially integrative or disintegrative. 'If money', wrote Marx, 'is the bond which ties me to human life and society to me, which links me to nature and to men, is money not the bond of all bonds?...It is the true agent of separation, it is the chemical power of society.'⁴⁵ In the writing of those who sought to socialise exchange there is a recognition of this. What concerned them was that money and money values far from cementing society stunted the growth of Man's social sensibilities both by forging bonds which were coercive and by failing to reflect social utility and labour effort. Where money values arose in the course of the egotistical pursuit of gain, where they were subject to fluctuation and exploitative manipulation, money played an atomising rather than an integrative role.

Yet while one might sympathise with the ideal of stable values which accurately reflected social utility and labour inputs and while one can appreciate the critical force of this attack upon the socially divisive and exploitative consequences of price formation under early industrial capitalism socialist suggestions that the market might be short-circuited in this way were culpably naive and manifestly impractical. This was clearly shown by the fate of the labour exchanges established in

London and Birmingham in 1832 whose rapid demise showed just how quickly the market would reassert its dominance. Thus the more or less arbitrary valuation of goods in terms of labour time by committees led to a scarcity of goods whose labour value was less than their market price and a superfluity of those whose labour value was greater. To this situation committees responded by valuing goods at their market price and then translating that into units of labour time at the rate of 6d per hour. Far from short-circuiting the market, market forces prevailed and the market emerged triumphant. Yet despite these practical failures and an attendant inability to grasp the massive theoretical problems raised by attempts to supplant the market by deliberate valuation in terms of labour time, socialist writers in the 1830s and 1840s continued to assert that labour could and should be used as the basis for pricing goods in general and the articles which comprised inter-community trade in particular. Nor did these failures prevent the economic philosophy underlying the socialisation of exchange from exercising a fatal influence on the constructive aspect of socialist thinking throughout the nineteenth century.⁴⁶ Socialists were exceedingly slow to recognise that the wise counsels of committees could not supplant the market with impunity.

But on what basis, in the absence of an intra-community pricing mechanism would decisions be made as to the optimum distribution of wealth and allocation of resources? As far as Owenite communitarians were concerned distribution would proceed on the basis of perceived need, with the extent of needs being directly and easily ascertained in the economic microcosm of the community.⁴⁷ As regards allocation, it was generally assumed that once needs had been established then allocation would proceed on the basis of the social utilities which goods and services represented.⁴⁸ Once the needs of the community had been established then the relative social utility of different lines of production would be readily apparent and all that was then required by way of allocation was the simple physical matching of productive resources with legitimate social needs. Thus communities would contain 'a due proportion of trades and physical and mental occupations requisite to supply the wants of the population' with 'the articles of the greatest necessity and utility' being 'first made at and in these villages.'⁴⁹ Knowledge of what

these articles were would be immediately apparent to all and 'no one would be ignorant where there would be a demand for his labor.'⁵⁰ In contrast to a market economy, communities would, therefore, manage to avoid 'the waste of labour and skill now unemployed through mere ignorance or want of market or now uselessly or perniciously directed.'⁵¹

Now, in the context of an autarkic or neo-autarkic co-operative community what this reliance upon the self-evident nature or intuitive perception of needs entailed was a simple and obvious prioritisation of food production and thence a pastoralisation of the communitarian vision of the socialist future. Where self-sufficiency was the primary objective; where autarky was a fundamental prerequisite for that abandonment of the market which would usher in an a new age of social harmony and plenty, agriculture would necessarily be seen as that area of productive activity with the highest social utility.⁵² Thus 'as it is of great importance that the community should produce within itself a full supply of the necessaries of life, there shall be attached to the establishment a sufficient extent of land to render it *essentially agrarian*.'⁵³ It is true as Max Beer has pointed out that Owen's avowed objective was 'to put the productive forces unlocked by modern science into the service of collective production and distribution'⁵⁴ but the size of communities and the requirement of self-sufficiency effectively precluded an industrial dimension.⁵⁵ Neither theoretically nor practically, therefore, did Owen seek to accommodate the implications of a diversified industrialism within his political economy. So, when communitarians came to sketch, literally and metaphorically, the broad outlines of co-operative communities, their pastoral nature loomed particularly large. Thus the Rev. J. Marriott was one among many who saw 'a beautifully diversified country, fields of arable land bordered with flowers and shrubs; at a distance the land gradually rises and at last terminates with a stone building belonging to the community. Several men and women are seen ploughing, sowing etc. Every now and then music is heard.'⁵⁶ Similarly, in the engravings, woodcuts and architectural plans of communities the scene is invariably a pastoral one free from any sign of extensive manufacturing activity. This agricultural bias is further confirmed by the specific affirmations of co-operative socialists such as Owen who wrote of the need for 'a judicious

arrangement of spade cultivation, *with manufactures as an appendage*' and of 'limited communities of individuals on the principle of united labour and expenditure *having their basis in agriculture*.'⁵⁷ Thus the acquisition of land became a sine qua non of material and moral improvement. As Thompson wrote, 'the grandest step by far of capitalist-laborers in securing to themselves the products of their labor...is in the acquisition of land.'⁵⁸ So while writers like Thompson and Owen might emphasise the potentialities which mechanisation and industrial expansion held out and stress that communities would avail themselves of the most advanced equipment and techniques, communitarian socialism was nonetheless rooted in the soil and set in a landscape where factory chimneys are noticeable by their absence.⁵⁹ Consequently communitarians could abstract from many of the complexities and problems which would have arisen had their socialism been predicated upon an industrial economy. For example, where agriculture predominated, it might be legitimately assumed that much economic calculation could be conducted in physical terms and thus the problem of valuation could be avoided.

Further it should be noted that where communitarians assumed the existence of abundance, they absolved themselves altogether from the need to choose between competing economic ends and, therefore, from the need to cost alternative and possibly conflicting courses of action.⁶⁰ Here again 'the creation of wealth' would have 'supersede(d) the necessity for attaching money-value to any productions whatever.' In such circumstances the problem of allocation became an administrative rather than an economic one.

While, therefore, communitarian political economy did address itself to some of the questions as to how socialism would price, distribute and allocate in the absence of the market, the answers it provided were almost invariably predicated upon the assumptions of pastoral simplicity and manifest abundance.⁶¹ The first virtually eliminated the need for all but the crudest, physical, intra-community calculation, while the latter obviated the need for communitarians to address themselves to the need for economic calculation at all.

In addition, it should be emphasised that if the needs of society were to be conceived of as self-evident and, therefore, as being easily determined by the simple, direct observations of

rational men - 'easily ascertained data'; if resources were to be optimally allocated on the basis of intuitive appreciation of relative social utilities; if calculation was to proceed by reference to physical magnitudes rather than value and if supply was to be matched with demand by computations conducted in these terms, then a simple, static, autarkic, essentially agrarian economy *had* to be assumed. Such an economy was necessary if communitarian answers to the problems of rational economic decision-making in the absence of the market were to have any credibility. While, therefore, communitarian solutions to problems of pricing, distribution, allocation and equilibration were consistent with their vision of the socialist future; while, they were indeed applicable to the kind of enclosed, static,⁶² microcosmic economy which an autarkic co-operative community presupposed, these solutions were *only* applicable to such an economy. This was uncharacteristically admitted by one writer who in considering the problem of allocation accepted that while in agriculture there was 'a fair prospect of a remunerating return for whatever amount of capital and labour may be expended in that department. In the manufacturing and industrial departments..our way does not appear so clear.'⁶³ In effect, the writer recognised the need for industry if a community was to survive and prosper. Yet while it seemed that agriculture must necessarily give a socially remunerative return, the lines of manufacturing activity which would do so were not immediately or intuitively apparent. In other words, once the presupposition of a simple, autarkic, largely undiversified, agricultural economy was relaxed, then early nineteenth century communitarian political economy had little to offer on how best to allocate resources to maximise social welfare.

So, proceeding in the manner in which it did, communitarian political economy necessarily abstracted from the characteristics and attendant problems of a dynamic, complex, interdependent, industrial economy and in so doing failed to provide the theoretical underpinnings of a decentralised socialism applicable to an industrial society increasingly characterised by specialisation and the expanding scale of productive activity. Communitarians therefore left little of theoretical worth, in their constructive political economy, for those who might wish to progress in that direction. It is indeed ironic, though not surprising, that in

early nineteenth century Britain, where the support for a decentralised strain of socialism was so strong, its proponents, with few exceptions, were so adamant in their rejection of the very mechanism which might have given their vision theoretical coherence, practical direction and relevance to a rapidly industrialising economy.

NOTES

1. The New Age, 6 May 1843, a publication of Ham Common Concordists, quoted from D. Hardy, Alternative Communities, 61. The aspiration of retreat from the evils of competition to a self-sufficient life on the land is not, of course, unique to socialist writers. Such an aspiration is, for example, at the root of the tremendous popular appeal of O'Connor's Chartist Land Company, see A.M. Hadfield, The Chartist Land Company, Newton Abbot, David and Charles, 1970. R.G. Garnett has identified and rightly stressed 'a permanent strain...in English radical thought of escapism [and] enclavism', Co-operation and the Owenite Socialist Communities in Britain, 1825-45, Manchester University Press, 1972, 33.
2. A. Combe, The Sphere for Joint Stock Companies, 33; R. Owen, Report to the County of Lanark, 283.
3. Anon., A Prospectus for the Establishment of a Concordium, London, 1841, 4; M. Hennell, An Outline, lxxxi.
4. 'the artificiality of the closed economy...was a tacit assumption of Owenite and most early socialist thought', R.G. Garnett, Co-operation and the Owenite Socialist Communities, 10.
5. Wm. Thompson, Labor Rewarded, 91; Anon., Elements of the Principles, 20.
6. 'the saving will be greatest of all by producing by a combined people working together for one great object instead of a disintegrated nation's labour in confusion', Wm. Howitt, Howitt's Journal, 4 September, 1847, quoted from W.H.G. Armytage, Heavens Below, Utopian Experiments in England, 1560-1960, London, Routledge and Kegan Paul, 1961, 213-4.
7. Thus the Ham Common transcendentalists were to survive on a regime of pure air, simple food, exercise and cold water, see *ibid*, 178-9. The asceticism of vegetarianism, teetotalism and cold baths was a must for many communitarians, see also, for example, J. Thimbelby's, Monadelphia.
8. 'The Book of the New Moral World', New Moral World, 27 August 1836, 345; 'Wealth of that kind which will alone be held in estimation...may be easily created to exceed all their wants, so that every desire for individual accumulation will be extinguished', R. Owen, Report to the County of Lanark, 288-9.

9. New Moral World, 25 April, 1835, 202.

10. R. Owen, 'A letter published in the London newspapers, 25 July, 1817' in The Life of Robert Owen written by Himself, 2 Vols., London, 1857-8, 71.

11. Anon., A Prospectus, 3.

12. Anon., Elements of the Principles, 19.

13. Anon., An Essay in Answer to the Question, 38.

14. Wm. Thompson, Labor Rewarded, 23.

15. Wm. Thompson, Inquiry, 521-2.

16. *ibid*, 393.

17. *ibid*, 424-5.

18. New Moral World, 31 October 1835, 2.

19. In so far as it was seen as changing over time, this change was conceived as being in line with population increase. Demand would expand, therefore *pari passu* with the community's capacity to supply. Changes would be in the quantity demanded rather than the structure of demand. As Charles Bray wrote 'one labourer by what he produced and what he wanted would necessarily be the means of employing and maintaining another labourer; and if the population of the village doubled or trebled...so long as the due proportion between employments continued, the labour of one man would continue to call that of another into profitable operation', M. Hennell, An Outline, cvi.

20. Anon., An Essay in Answer to the Question, 43.

21. Wm. Herbert, A Visit to the Colony of Harmony in Indiana, London, 1825, quoted from J.F.C. Harrison, Owen and the Owenites in Britain and America, the Quest for the New Moral World, London, Routledge and Kegan Paul, 1969, 179.

22. In fact in the case of a community such as Ralahine a system of labour notes was introduced to regulate purchasing power and, thence, intra-community exchange. See R.G. Garnett, Co-operation and the Owenite Socialist Communities in Britain, 112; see also the experience of the Hudsonian community at Manea Fen, D. Hardy, Alternative Communities, 51; on this point also see J.F.C. Harrison, Owen and the Owenites, 189, who points out that at Orbiston and New Harmony internal exchanges proceeded on the basis of time or labour notes.

23. 'On the Moral Evidence of the progression of human improvement', New Moral World, 29 June 1835, 267, my emphasis.

24. 'The Book of the New Moral World', *ibid*, 27 August 1835, 346.

25. Wm. Thompson, Inquiry, 227.

26. *ibid*, 419.

27. *ibid*, 525.

28. 'Proposals for a Change of System in the British Empire', New Moral World, 21 March 1835, 163.

29. See W.H. Oliver, 'The labour exchange phase of the co-operative movement, Oxford Economic Papers, 10, 1958, 355-67; 'It was intended that labour exchanges should be

opened in all the main towns of Britain...a national system of exchange', J.F.C. Harrison, Owen and the Owenites, 205. For E.P. Thompson, 'it was in Lancashire and Yorkshire that we find the most rapid development of a general theory of a new system whereby on a national scale, equitable exchange might take place.' E.P. Thompson, The Making of the English Working Class, 871. On this point see also A.E. Musson, 'The ideology of early co-operation in Lancashire and Yorkshire', Transactions of the Lancashire and Cheshire Antiquarian Society, 67, 1957, 129. With some justification F.W. Engels argued that labour notes were 'a means designed to make communism plausible to the British public', Anti-Duhring, Peking, Foreign Language Press, 1976, 424. Thus despite what Beer suggests, A History of British Socialism, 178, there was no dichotomy in Owenite thinking between communism and currency reform.

30. 'the present artificial, inaccurate and therefore injurious circulating mechanism for the exchange of our riches, may be superseded by an equitable, accurate and therefore rational representation of real wealth', The Operative Builders' Union Manifesto, in R.W. Postgate, The Builders' History, London, The National Federation of Building Trades Operatives, 1923, 465.

31. Many commentators have pointed to the parallels between early nineteenth century socialist writings on value and medieval notions of the just price, see, for example, A.Bonner, British Co-operation: the history, principles and organisation of the British co-operative movement, Manchester Co-operative Union, 1961, 13. However, in terms of direct influence the contemporaneous moral economy tradition is, undoubtedly, more important.

32. In many ways their writings on exchange and value can be interpreted as an attempt to reconstitute a moral economy on a pseudo-scientific foundation. On this point see J.F.C. Harrison, Owen and the Owenites, 74.

33. G. Dalton (ed.), Primitive, Archaic and Modern Economies, xxx.

34. K. Polanyi, 'Archaic, economic institutions, cowrie money' in *ibid*, 281.

35. See, for example, Anon., An Essay in Answer to the Question, 38.

36. cf. Karl Polanyi's understanding of the Aristotelian conception of the just price - 'The just price then derives from the demands of philia as expressed in the reciprocity which is the essence of all human community', 'Aristotle discovers the economy' in *ibid*, 96.

37. R. Owen, Report to the County of Lanark, 251.

38. T. Edmonds, Practical, Moral and Political Economy, 98; a phrase to be found throughout the socialist economic literature of the 1820s and 1830s.

39. R. Owen, Report to the County of Lanark, 249.

40. *ibid*, 251, my emphasis.
41. Wm. King, The Workings of Money Capital, London, 1831, 3.
42. H. McCormac, An Appeal on Behalf of the Poor, 10.
43. 'Resolution of a Limerick Meeting', 1833, quoted from R.G. Garnett, 'William Pare, co-operator and social reformer', Co-operative College paper, No. 16, Loughborough, 1973, 16.
44. K. Marx, Capital, Vol.1, 79.
45. K. Marx, 'Economic and Philosophical Manuscripts of 1844' in Karl Marx, Early Writings, Harmondsworth, Penguin, 1977, 377.
46. B. Webb (Potter) rightly saw the ghost of the labour theory as having exorcised itself from co-operative thinking by the last quarter of the nineteenth century, The Co-operative Movement in Great Britain, London, 1895, 49. However, this was not true of socialist thinking in general. See, in particular, Chapter 11.
47. Here there is a significant difference between Owenite and Fourierist communitarians. For while the former certainly saw distribution within co-operative communities as proceeding on the basis of need, the latter emphasised the importance of rewards being commensurate with an individual's contribution to the productive activity of the community. Thus the Prospectus of the London Phalanx, 1841, argued for 'associating capital, labour and science in given proportions for the mutual interest of all...awarding dividends to each commensurate with their respective contributions.' How these dividends were to be calculated the Prospectus does not make clear but one can assume from other writings of British Fourierists that they would be estimated in terms of labour time. See R.K.P. Pankhurst, 'Fourierism in Britain', 405.
48. For the English Fourierists, of course, objectives other than the simple satisfaction of material needs were important when determining the optimum allocation of labour within communities or phalansteries. For them the focus tended to be less on what was to be produced and more on the effects of labour upon the producer. Thus following Fourier their aim was to gear the social arrangement of production less with a view to furnishing a specific structure or level of output and more with an eye to 'the passions and inclinations of human natures', see W.H.G. Armytage, Heavens Below, 207-8. Within phalansteries, therefore, labour would be allocated by reference to the creative potentialities and psychic well-being of individuals rather than with the simple objective of maximising material wealth. For these writers, allocation, in so far as it remained a problem unsolved by the indulgence of personal inclination, would fall within the remit of the psychologist rather than the political economist. The influence of Etienne Cabet was also important here. For a fuller account of the influence of Fourierist ideas in

Britain, see *ibid*, 184ff.

49. 'Proposals for a change of System in the British Empire', New Moral World, 21 March, 1835, 163-4; Communities would 'bestow labor in proportion to utility alone', Wm., Thompson, Inquiry, 400.

50. *ibid*, 397.

51. *ibid*, 393.

52. This is not to discount the many other social, psychological and cultural reasons for favouring an agriculturally based community. 'Land always carried associations - of status, security, rights - more profound than the value of its crop', E.P. Thompson, The Making of the English Working Class, 253-4.

53. Anon., Proceedings of the First General Meeting of the British and Foreign Philanthropic Society, London, 1822, 46, my emphasis.

54. M. Beer, A History of British Socialism, 162.

55. There were some, but very few, exceptions to this general position. Thus, for example, John Finch advocated the creation of a community with engineering as the primary occupation in one of the manufacturing districts, D. Hardy, Alternative Communities, 39.

56. J. Marriott, 'Community - a Vision', New Moral World, 17 June, 1837, 277.

57. R. Owen, Report to the County of Lanark, 259, my emphasis.

58. Wm. Thompson, Labor Rewarded, 96; 'Each of the communities shall possess around it land sufficient for the support of all its members', Anon., An Essay in Answer to the Question, 36.

59. There is little evidence to suggest as does G.D.H. Cole that Owen saw communities as a means of organising industry. See G.D.H. Cole, Socialist Thought, 99.

60. With abundance there are 'no mutually exclusive choices to make', A. Nove, The Economics of Feasible Socialism 10; abundance signals the end of opportunity cost, *ibid*, 197.

61. 'the system of exchange would be so simple, where all was common and nothing to be gained by overreaching that it would require but a few to attend to it', Anon., An Essay in Answer to the Question, 44; 'once artificial desires were eradicated, a quantitatively simple form of reproduction would suffice', G. Claeys and P. Kerr, 'Mechanical political economy', Cambridge Journal of Economics, 5, 1981, 267.

62. 'Utopia cannot contemplate change, for by definition you cannot reform utopia', R.G. Garnett, 'The ideology of the early co-operative movement', First Kent Co-operative Endowment Lecture, Kent, 1966, 3. The assumed static nature of these communities further simplified the problem of economic calculation which they had to confront.

B. Goodwin sees a 'petrified perfection' as one of the characteristics of utopias. 'All these utopias have a quality

of timelessness, changelessness, closedness and perpetuation', Social Science and Utopia, Nineteenth Century Models of Social Harmony, Hassocks, Harvester, 1978, 159. They therefore allow their proponents to evade all the computational problems involved in managing a dynamic economy changing over time. In this context it is important to note the frequent use of words like 'fixed' and 'regular' in relation to wants.

63. 'Manufactures and trades suited to the Tytherly Community', New Moral World, 5 October, 1839, 785.

Chapter 5

John Gray and John Bray:¹ Planning in Embryo

John Gray

John Gray's attitude to the market in his most famous work, the *Lecture on Human Happiness*, 1825, is that of the convinced communitarian.² Market exchanges were seen as the source of exploitation and general economic depression while the competitive pressures which the market unleashed promoted socially destructive and morally corrosive behaviour. Competitive market capitalism should, therefore, be replaced by communities of mutual co-operation where all would be harmonious.

However, in his second major work, *The Social System, a treatise on the principle of exchange*, 1831, Gray, while he still sought to supplant the market and abolish economic competition, suggested a route to these objectives which distinguished him from his communitarian contemporaries. For with *The Social System*, we have the first significant attempt in the history of British socialist thought to consider how central direction and control might be applied to an industrial economy to achieve certain socialist objectives.

The key to Gray's thinking on this question was the role which he envisaged for a National Chamber of Commerce. Thus 'the Social System recognises as useful, but one controlling and directing power, but one judge of what is prudent and proper to bring into the market, either as respects kind or quantity, - the Chamber of Commerce - who, having the means of ascertaining, at all times, the actual stock of any kinds of goods in hand would always be able to say at once where production should proceed more rapidly, where at its usual pace, and where also it should be retarded.'³ Ownership of the means of production

would reside in the National Chamber while those previously in possession were seen as consenting 'to receive a fixed annual remuneration proportionate to its value in lieu of retaining in their own hands the chances of gain or loss by its cultivation or employment.'⁴ Control of the National Chamber of Commerce would, however, be in the hands of those who had previously wielded economic power, namely 'Eminent Merchants, Bankers, Brokers etc.', who in turn would employ salaried agents to manage individual enterprises, these agents being responsible for the supply of goods to national warehouses from where publicly managed retail outlets would receive their supplies.⁵

In effect, the National Chamber of Commerce would have responsibility for planning the economy, something which Gray saw as being long overdue. For, while under the old 'unsocial system', 'contrivance, arrangement, *plan*' were recognised as indispensably necessary to every part, *the aggregate of parts* had been left 'to work as best it can, ungoverned...thus whilst God requires arrangement and a plan to govern worlds, presumptuous man sets at defiance his Maker's laws, and tells the paltry objects of his care to rule themselves.'⁶ The conscious planning, organisation and control of economic activity was, therefore, the sine qua non of any transition from an 'unsocial' state to the 'social system'.

In addition there would be a National Bank which would ensure that 'Money would increase as produce...increased' and 'decrease as produce should be redemanded or consumed.' This, it was assumed, would 'Place the commercial affairs of society upon such a footing that production would become the uniform and never failing cause of demand.'⁷ Taken together Gray believed that these institutions could manage economic activity in such a way as to ensure distributive and commutative justice, price stability, the efficient allocation of resources and an end to the general economic depression which resulted from supply outstripping effective demand. By assuming the regulatory pricing, allocative, distributive and equilibrating functions of the market the national Chamber of Commerce and the national Bank would avoid its failings. 'Plan', 'constructive arrangement' would supplant the haphazard and anarchic character of economic life which prevailed in the market economy.

On what basis, therefore would the economic

calculation and decision-making of the Chamber of Commerce proceed? Here the reasoning of Gray is tortuously unclear but he does seem to tread much the same path as the would-be socialisers of exchange. To begin with he tried to establish a stable unit of account or standard in terms of which the value of commodities might be estimated. Thus he argued that 'The government should institute an inquiry' to ascertain 'as nearly as may be practicable, the various values of a pound sterling in wages during the time the (National) debt was contracting' and then 'strike a general average as equitably as they can.' Then, having 'declared their opinion...that sum...ought to be the price now fixed as the average wages of labour in paper money.' 'The average price of labour being (thus) determined upon the principle laid down,' Gray believed he had secured 'for the first time since the days of Adam, an *immutable standard of value*.' For, if it were determined that a pound, for example, should be the payment for the labour of one man for a week consisting of..... seventy-two hours in an average employment, a pound note from that time forth would be just another name for a week of reasonable exertion.'⁸ Thus Gray like the socialisers of exchange sought to establish a labour standard of value, with hours of labour time then being translated into money at a rate of average real wages that had prevailed in a previous period. However, as Gray himself admitted this rate was immaterial for 'to halve the price of wages or to quarter it, to double it, to quadruple it, would amount to nothing: it would be a change in words only, none in things, provided that the amount of salaries, and of all other money remunerations, were always made proportionate to the average price of common labour. Goods under this system could never fall in price, except from the increased facility of production, and they could never rise in price, except from increased difficulty of production.'⁹ Thus for Gray the whole exercise of establishing an average price for wages would seem to have fulfilled two functions, neither of them crucial to establishing a unit of account. First it allowed Gray to translate labour hours into a conventional medium of exchange at a commonly accepted rate and secondly it ensured that the recipients of fixed incomes did not suffer loss or gain in consequence of the creation of this new standard of value. However, while distribution would 'be effected by

the ordinary process of paying money to the various members of the social community as the reward of their labour, in sums proportionate to the value of them,'¹⁰this value would be assessed in terms of 'common labour' time of an average kind.¹¹ In this context money would cease to be 'as at present... merely a commodity the price of which rises and falls like every commodity in proportion as the demand for it is great or small.'¹² It would become rather a numeraire which allowed labour time to be translated into the socially conventional measurement of pounds, shillings and pence. Labour time, not money, would therefore be the real unit of account. Like the socialisers of exchange Gray too sought to circumvent the market by the conscious, rational assessment of value in terms of units of common labour. How then were prices to be established?

Here Gray adopts an additive cost of production approach arguing that prices would be made up of 'first...the cost of the material; secondly...the wages of labour; and thirdly...such a percentage of profit, as shall be sufficient to ensure a gradual and sufficiently rapid increase of capital,¹³ as also to pay all the expenses of rent, interest of capital, salaries, depreciation of stock, unproductive labour, incidents and all national charges.'¹⁴ There remained, however, the question of how these component parts of price were to be determined. In the case of wages, as already mentioned, Gray argued that 'The average price of labour should be a subject of mutual consultation and agreement between the government and the Chamber of Commerce; and being once settled on equitable principles, it need never be altered.'¹⁵ This average price was to be the sum necessary to purchase an average week's work of a mechanic labourer. That is, wages should command or be equivalent to so many hours of 'common' labour. Yet the problem remained of how the value of every other kind of labour other than that designated 'common' was to be translated into units of common labour time. Here Gray believed the National Chamber of Commerce could enlist the aid of Adam Smith by taking account of the factors mentioned by him in the *Wealth of Nations* as determining the wage levels of different occupations. Thus the National Chamber of Commerce would consider 'the agreeableness or disagreeableness of employments', 'the easiness and cheapness, or the difficulty and expense, of learning them', 'the constancy or

inconstancy of employment in them', 'the small or great trust which may be reposed in those who exercise them; and...the probability or improbability of success in them.'¹⁶ However, while Smith suggested these as factors influencing the market determination of labour rewards, Gray saw them as the means by which the Chamber of Commerce might establish 'fixed scales of payment for different employments, allowing something more than the average for some kinds of work, and something less than the average for other kinds; partly by an allowance of time, rewarding ten or eleven hours labour in one employment equally with twelve in another.'¹⁷ Thus wage determination was to take the form of valuation by committee rather than the market. Indeed unlike the market, valuation in the social system was to be by reference to the nature of the duties which labour performed rather than by reference to its objective contribution to production. As Gray saw it, 'Prescribed duties should always have their prescribed reward, for thus only can the causes of bickerings and petty jealousies be removed; whereas the attempt to establish and maintain any rule of remuneration, founded upon the quantity of products issued from a manufactory would be a never ending source of trouble and annoyance.'¹⁸

But what of other factor rewards? Gray certainly accepted the importance of capital investment and he accepted too the need for profits. However, in contrast to the 'unsocial system', these profits would no longer accrue to private individuals but to the National Chamber of Commerce and would cover 'the various expenses of rent, interest of capital, management, salaries, depreciation of stock, incidents and all national charges.'¹⁹ Here again each of these components would be rationally determined by the National Chamber. Thus with respect to salary costs, 'The average wages of agents (of the Chamber)...that is, the wages of superintendence and direction should... be a fixed sum having a proper relation to the price of common labour; and the variations from the average should be regulated by precisely the same principles as the variations in the price of common labour.'²⁰ The extent of national charges would be determined by the government while the depreciation of stock would be calculated in terms of the labour time necessary to replace what had been used up in the course of production.

To interpret what Gray meant by 'the interest

of capital' and to comprehend what he believed should be its determinants under 'the social system' is more problematic. By the term Gray seems to have understood the surplus which remained after all costs of production had been met, something which would be given by a mark-up on the labour cost of commodities. What would determine this mark-up was the deficiency, or otherwise, of capital available to the nation. Thus Gray wrote that 'if we suppose a deficiency of capital, the answer is, let the percentage on the sale of produce be increased to a sufficient extent to supply the want.'²¹ But by reference to what would the scale of this mark-up be determined? Presumably it would be determined by the scale of physical shortages or surpluses apparent in the economy and here, of course, the National Chamber of commerce would have knowledge 'at all times' of the 'actual stock of any kinds of goods in hand' and 'where production should proceed more rapidly, where at its usual pace and where also it should be retarded.'²² Thus where an insufficiency of supply arose then the mark-up on that commodity would presumably be raised, the object being to increase the surplus accruing to the National Chamber of Commerce which would in turn use it to expand productive capacity and eliminate the shortage. Here then there are inklings of a return to the market where, in similar circumstances prices would rise allowing the acquisition of supranormal profits which would encourage an expansion of output. However, the crucial difference is that in Gray's 'social system' it would be the National Chamber of Commerce, not the market, which would establish the original equilibrium price and which would determine the scale of price changes by reference to emerging *physical* shortages and surpluses at the established 'natural' level of prices. Such information would, of course, have to be deliberately acquired by the National Chamber rather than being automatically disseminated by the market. How, when and how often such information would be gathered Gray does not make clear. He simply states that the National Chamber would be 'aware' of physical stocks and community demand. It was, nevertheless, by reference to consciously acquired physical rather than price data that the National Chamber would vary the 'interest upon capital' to eliminate disequilibria.

Thus on questions of pricing, distribution, allocation and equilibration Gray advocated the

centralisation of economic decision-making, the first writer in the British tradition of socialist economic thinking to do so. Like the socialisers of exchange he sought to use labour time as a unit of account but unlike them he did, through the presupposition of nationalised productive means, circumvent the 'difficulty' of the market price reasserting itself over rationally determined labour values. He was left, however, with all the problems of turning the labour theory of value from a critical to operational use and here there is in the writing of Gray no awareness of the magnitude of the problems involved; no conception, for example, of the magnitude of the information gathering and disseminating tasks which the National Chamber of Commerce and the National Bank, in the absence of the market, would have to perform. Nor is there in the work of Gray any advance upon the writings of the socialisers of exchange as regards the massive theoretical and practical difficulties involved in pricing in terms of labour time. Nor were these problems to be confronted when his ideas were largely reiterated in a subsequent work, *An Efficient Remedy for the Distress of Nations* which was published in 1842. So while Gray outlined one possible, non-communitarian way in which socialism might function in the absence of a market, he confronted few of the major problems of economic calculation which his alternative raised. Like so many nineteenth century socialist writers his determination to abandon the competitive market seems to have blinded him to the range and complexity of the functions which, however inadequately, it performed and which must continue to be performed under socialism.²³

John Bray

Bray's alternative to existing economic arrangements was a system where 'all the real capital of the country - the land, buildings, machinery, vessels, and every other description of reproducible wealth, except the personal property of individuals - (was) possessed and controlled by society at large.'²⁴ This transference of the productive means of the country was to be effected by purchase and the purchase price was to be met out of the surplus value which could be collectively appropriated when the means of production were under social control. In effect 'society' would become 'one

great joint stock company, composed of an indefinite number of smaller companies, all labouring, producing and exchanging with each other on terms of the most perfect equality.²⁵ Thus Bray's ideal was a system of interdependent, collectively owned and managed joint stock companies.²⁶

Such a system would, Bray believed, circumvent the practical difficulties involved in attempts to transform society by way of communities which had either to operate on an autarkic basis with all the problems and limitations that entailed or which failed due to their inability to compete in the market with capitalist enterprises. As Bray wrote, 'A community must produce within itself every article of which it is in want or it must produce a commodity which it can exchange for the article desired' and in the latter case 'A community would.. stand somewhat in the character of a small farming and manufacturing establishment; and it is well known that the majority of small farmers and manufacturers can barely make ends meet.'²⁷

On the surface Bray's solution to the ills of early nineteenth century capitalism would seem to have laid the basis for some kind of market socialism. However, a closer reading of *Labour's Wrongs* shows that his intention was to abolish the market and replace the motive force of competition by the conscious, rational, economic planning and decision-making of central and local authorities. Thus, 'The affairs of society at large would be regulated and controlled by general and local boards of various kinds, the members of which would be elected by...communities.' 'By means of general and local boards of trade, and the directors attached to each individual company, the quantities of the various commodities acquired for consumption - the relative value of each in regard to each other - the number of hands required in various trades and descriptions of labour - and all other matters connected with production and distribution, could, in a short time, be easily determined for a nation as for an individual company under present arrangements.'²⁸

So how would these boards set about their task? How, in effect, would they set about supplanting the functions of the market? Certainly Bray realised that if they were to perform the pricing, allocative and distributive roles which had been allotted to them they would require a means of information gathering such that 'Statistics of every kind (would) acquire a degree of correctness

and perfection...they can never attain to under the present system.'²⁹ Unlike Gray, therefore, Bray was aware of the need to acquire systematically the information on which to base the decisions of those who managed the means of production, though like him, Bray suffered from an inability to see and a failure to confront the magnitude of the task. Thus, for example, the problem of managing a socialist economy was likened to that of overseeing an 'individual enterprise'; a naive suggestion which could only have been born out of an ignorance of the complex functions which the market performed and which would therefore have to be fulfilled by the central and local boards which Bray proposed.

However, leaving aside the problem of acquiring the information upon which informed economic decisions could be based, there remained the problem of how that information, once gathered, could best be used. On what basis and by reference to what criteria would calculation proceed. Here Bray responded by suggesting recourse to a common sense political economy based upon existing organisational skills and experience. As he saw it, 'At the present time, it would be useless to enter into minute details of what could and what should be done under a new social system...*We have experience to guide us in almost everything...There is always, if it be rightly managed, a fund of common sense in the world sufficient for all emergencies.*'³⁰ To add weight to this contention Bray argued that under the new social system what would change would be the objectives of economic activity not the manner in which it was conducted nor the way economic decisions were made. As he stated in *Labour's Wrongs*, 'the present movement is not an introduction of new principles and modes of action, but simply the application of existing principles and modes to a new subject - the universal and equal benefit of society at large, instead of the aggrandisement of particular individuals and classes.'³¹ As such, 'all individuals and companies (would) purchase commodities and transact their exchanges, on the present principles of trade.'³²

In effect, therefore, Bray spirited away the problems he had set himself. On the one hand, he has central and local boards allocating resources, determining the level of output, pricing commodities and distributing the national product. On the other hand he has socialised joint stock companies continuing to conduct their affairs upon conventional lines by reference to past experience as if

nothing had really changed. Again there is a failure to grasp both the magnitude and nature of the task involved in supplanting the market by the collective control and planning of output and prices. Thus in seeking to point the way to a peaceful revolution which would replace a competitive with a social system, Bray seems to have convinced himself that in the sphere of economic management and decision-making no revolution need occur at all.

Only on the question of pricing is Bray forthcoming as to the manner in which the central and local boards might proceed and here, as he saw it, the answer was quite straightforward. 'Cost of production would in every instance determine value and equal values would always exchange for equal values,' while the cost of production of commodities would be 'according to the labour bestowed on them.'³³ Here, as with Gray, the solution to the problem of pricing is to transmute market prices into rationally estimated natural labour values. A labour standard of value, 'a standard as invariable as any that can be made use of,'³⁴ was to provide the basis for stable and certain values whose existence would ensure that all exchanges within a 'social system' would be of a non-exploitative character and which would guarantee to labour a reward commensurate with its contribution to production. Thus 'every individual would receive the true value of his labour in wages and with these wages he would purchase commodities of every kind at their true value.'³⁵ Once again, therefore, as with Gray, the problem of pricing and calculation was to be solved by the transformation of monetary values into labour time, but once again Bray added little to the discussion of how this might be effected.

NOTES

1. For biographical information on these writers see H.J. Carr, 'John Francis Bray', Economica, 7, 1940, 397-415; M.E. Lloyd-Prichard, Introduction to a Voyage to Utopia; J. Kimball, The Economic Doctrines of John Gray 1799-1883, Washington, Catholic University of America Press, 1946 and D. Martin, 'John Gray 1799-1883', Dictionary of Labour Biography, (eds.) J. Saville and J. Bellamy, London, Macmillan, 1982, Vol. 6, 121-5.

2. Though in the conclusion of his Lecture he specifically differentiates his plans from those of Robert Owen.

3. J. Gray, The Social System, 45.

4. *ibid*, 32.

5. *ibid*, 33; there are obvious parallels here with the technocracy which St. Simon believed should manage industrial society. However, Gray specifically denied any such influences, avowing that he had 'never read a work of St. Simon's writings in my life', An Efficient Remedy for the Distress of Nations, Edinburgh, 1842, 176.

6. J. Gray, The Social System, 331-2; 'a controlling and directing power is as essential to the right working of the aggregate of commerce, as it is to an individual manufactory', *ibid*, 232.

7. *ibid*, 251-2, 16.

8. *ibid*, 99-100.

9. *ibid*, 200.

10. *ibid*, 96.

11. *ibid*, 102-3.

12. *ibid*, 59.

13. As J. Kimball has rightly pointed out this is a significant departure from his position in the Lecture where interest was seen as a means of acquiring labour without parting with something of equivalent value. See The Economic Doctrines of John Gray, 36.

14. *ibid*, 33

15. *ibid*, 99.

16. *ibid*, 103.

17. *ibid*.

18. *ibid*, 105.

19. *ibid*, 64.

20. *ibid*, 105.

21. *ibid*, 127.

22. *ibid*, 33.

23. John Gray in his final work, Lectures on the Nature and Use of Money, 1848, ultimately came to embrace the idea of a purified market economy or, more accurately, a market mechanism freed and lubricated by a reformed monetary medium. This in turn led to a concern in the Lectures to distance himself from his socialist past and to stress the benefits of competition which he referred to as 'that mainspring of everything which is excellent', *op. cit.* 42. By 1848, therefore, Gray had come to believe that 'the great principle of individual competition should be left free and unfettered as the air we breathe', *ibid*, 125. However, if by 1848 he had ceased to be a socialist there is this element of continuity between his earlier and later work. Throughout Gray sought the goal of 'free exchange'. He believed it should be as easy to exchange as to produce. In the Lecture of 1825 this would be achieved within the confines of a co-operative community; in The Social System and An Efficient Remedy it required the paraphernalia of central planning; by 1848, however, it merely required an untrammelled market and 'a few salutary money-laws', *ibid*, 89.

24. J.F. Bray, Labour's Wrongs, 170; 'To accomplish... change and free Labour from the dominion of Capital, it is necessary that the land and reproducible wealth of the country should be in possession of the working-classes', *ibid*, 127.

25. *ibid*, 3.

26. Bray looked to 'a joint stock modification of the principle of community of possessions', *ibid*, 164. The interdependence would be necessitated by the fact that 'each of these companies (would be) comprised of men of one trade, or confined its attention to the production or distribution of particular commodities', *ibid*, 157.

27. *ibid*, 131-2.

28. *ibid*, 180, 162, my emphasis. The need for some kind of central direction and control remained an element in Bray's thinking. Thus in God and Man a Unity, 1879, he wrote that 'The nation must furnish work and supplies for the people, through general co-operatives, and there should be government control of production and distribution, foreign and domestic', Voyage from Utopia, 27.

29. *ibid*, 131.

30. *ibid*, 161, my emphasis.

31. *ibid*, 161-2.

32. *ibid*, 180.

33. *ibid*, 160.

34. *ibid*, 198.

35. *ibid*, 181.

Postscript: Socialism without the Market

The socialist critique of the competitive, market economy as it existed in early nineteenth century Britain was both powerful and perceptive. It made clear the sham nature of the supposedly free bargains struck in the labour market and attacked as myth the idea that labour was a free economic agent rationally striving to maximise its utility. The reality, as socialist writers saw it, was that grinding material necessity precluded the exercise of economic rationality. In the context of the labour market the 'homo economicus' of classical economics was no more than a convenient apologetic myth. Given its asymmetry, given the skewed distribution of the economic power wielded in the market it inevitably dispensed rewards in a manner manifestly unjust and unpredictable. From this followed the misallocation of resources with respect to the real needs of the nation and from the exploitative crucible of the market too stemmed that underconsumption which prevented the full utilisation of the productive resources available to the nation. Finally there was the artificial and oscillating character of the values which the market bestowed which added further to the insecurity, injustice and uncertainty experienced by the labouring classes.

Yet for Thompson and most other early nineteenth century socialist writers it was not the economic critique of the market which was decisive in its rejection. After all, economic power might be redistributed in a more equitable fashion and the 'profit-upon-alienation' which characterised existing market relationships might be correspondingly eliminated. Circumstances might be created which would set market participants upon an equal footing, while the coercive legislative interference

in the market's workings might conceivably be expunged without a destruction of the market itself. Further the redistribution of consuming power resulting from such developments would ensure a more socially beneficial market allocation of resources and a level of market demand sufficient to call all available resources into employment. A reformed or refurbished market might therefore be retained without fundamentally jeopardising most of the major economic objectives of early nineteenth century socialism. At an economic level the market was not incompatible with a significant advance in the direction of socialist goals. What was decisive in persuading these communitarian writers to abandon the market were the social, psychological and ethical consequences of its operation. These were irremediable.

Socially too the market engendered division. The cut and thrust of market activity inevitably caused social antagonism both between individuals and even more so between those who possessed market power and those who did not. In the market one man's gain was another man's loss and one man's profit was another man's exploitation. Such divisions were further exacerbated by the individualistic, self-seeking behaviour and character traits which the market encouraged by bestowing reward on those who acted for private gain rather than public benefit. Thus the market created a moral vacuum where each was legitimate prey to the self-interested economic activity of all and where man was stripped of his capacity to act with social considerations in mind. In a market economy man lost his capacity to act as a social being and, therefore, lost the capacity to be fully human. Thus the market demoralised and dehumanised the participants as well as impoverishing them.

Finally there were the psychological consequences of the growth of a market economy. To participate in a market economy was to eschew all possibility of certainty; it was to be the plaything of forces over which there was no possibility of conscious rational control. Corroding anxiety and constant uncertainty were the inevitable consequence as man became the victim of economic imperatives beyond his comprehension or foresight.

Given the social and economic history of the period in which they wrote there is much here with which all but the most blinkered optimist or unrepentant Manchester School liberal can

sympathise. There is certainly more of the stuff of history in the socialist critique of competitive market capitalism in early nineteenth century Britain than there is, for the most part, in the political economy of the market's classical defenders. In such circumstances it is entirely understandable that these writers should have been moved to throw the market baby out with the capitalist bathwater. That they did so, however, was tragic for two major reasons. First because for many early nineteenth century socialist writers their decentralised, non-authoritarian vision of the socialist future cried out for some kind of integrative mechanism that would prevent it degenerating into a multiplicity of isolated agrarian microcosms and secondly because those who opted for a more centralised authoritarian socialism showed, in their failure to establish an alternative basis upon which economic calculation could proceed, that they had nothing with which the market might be replaced. Indeed it can be argued with regard to writers such as Gray that not only did they fail to solve the problems which their determination to abandon the market created, they actually failed to grasp the nature of the problems which would arise. As regards both communitarians and planners, therefore, their acute perception of the failings of the market blinded them to the functions which it did and could actually perform. Socialist economic thinking was the poorer in consequence.

PART II

THE TRIUMPH OF A MARKET ECONOMY

Introduction

The late 1840s can be said to mark the end of the first epoch of socialist thinking in Britain. Thus for Saville, 'the post Chartist period' saw 'the virtual elimination of socialist ideology', Garnett wrote of 'the gap in socialism, in England between 1850-1880', while Harrison categorised the same period as 'Before the Socialists.'¹ In fact, what the 1830s and 1840s witnessed was the death, emigration or retreat from theoretical fray of the first generation of socialist political economists with no second generation emerging to take their place or to build on their analytical achievements. William Thompson died in 1833, J.F. Bray emigrated to the United States in 1842, John Gray published his last work in 1848 and had, in any case, ceased to be a socialist of any description before that event, while Robert Owen's *Revolution in the mind and practice of the human race*, 1849, proved his last work of any significance. Further, much of the theoretical legacy of these writers, in so far as it was appropriated by a subsequent generation of writers, was stripped of its combative and acerbic character, denuded of its emphasis upon exploitation, the irreconcilability of interests and the right of labour to its whole produce and recast into a non-theoretical labourism which demanded a fair day's work for a fair day's pay and pure goods at fair prices. In the hands of new model unionists, home colonists and the proponents of consumer co-operation, the torch lit by Owen, the Smithian socialists and the popular writers of a vibrant working-class press seemed to dim, sputter and finally go out. Certainly at both a theoretical and a practical level communitarianism, the ideal of a new moral world, died and, for a time, was buried. The meaning of co-operation was

increasingly circumscribed until having shed its communitarian connotations it became virtually synonymous with the wholesale society. As Pollard has so felicitously phrased it, the second half of the nineteenth century witnessed the metamorphosis of co-operation from community building to shop-keeping.² 'Enough of the utopian, ridiculous mummery of socialism,' wrote William Smith in the *Co-operator* in 1861, 'We don't want it.'³ In addition where the idea of community persisted it increasingly took the form of home colonies. At best, as with James Hole,⁴ such colonies were virtually indistinguishable from Owenite co-operative communities. Frequently, however, the aim was less ambitious, namely to provide security and independence for the unemployed amongst the labouring-classes so improving the competitive position of those who remained in the labour market. At worst such colonies represented a thinly disguised means of reducing the costs of poor relief. What was often missing, therefore, from the writings of the proponents of home colonies was the idea of the community as a generally transformative presence whose manifest stability, harmony and material prosperity, once juxtaposed with the old competitive order would precipitate its demise.

Yet for all that the third quarter of the nineteenth century saw the degeneration of socialist political economy, it did not see its demise. Communitarian political economy survived under the auspices of writers such as James Hole and William Pare.⁵ Mid-century Christian socialism generated a disparate body of economic notions centred upon producer and consumer co-operation, while writers such as 'Bronterre' O'Brien, Ernest Jones and M.J. Boon, in however rudimentary a fashion, pointed to that Fabian and state socialism which was to dominate critical and constructive socialist thinking in the last quarter of the nineteenth century. Then there was Ruskin. Ruskin who dominated the peculiarly flat intellectual landscape which characterised Britain in the third quarter of the nineteenth century. Ruskin, the mentor of Morris, who, if he cannot strictly be categorised as a 'socialist', left, nonetheless an indelible imprint on British socialist thought and subsequent generations of British socialist thinkers.

However, if the period 1850-80 should not be seen as dead ground for the evolution of socialist economic thinking in Britain, it was nonetheless

one characterised by a qualitative change in the manner in which writers reacted to the market. James Hole, for example, while he reiterates in his *Lectures* the standard Owenite criticisms of the market and while he stresses the importance of establishing co-operative communities, recognised and discussed the equilibrating characteristics of market forces in a manner which cannot be found in previous communitarian literature. Similarly, two other writers, M. Justitia (John Frearson) and Aristarchus (pseud.), while they looked to the co-operative community as the means of transforming society, accepted that such communities must be responsive to certain market constraints and imperatives. Indeed, in their respective works they can be said to provide the first real attempt to integrate the market into an essentially communitarian vision of the future.

From Christian socialist writers the burgeoning market economy provoked a variety of responses. Like Frearson, E.V. Neale accepted the market and looked to the emergence of a decentralised socialism where producer associations would enter into 'healthy competition' to supply the community efficiently and cheaply through consumer co-operatives.⁶ From F.D. Maurice and J.M. Ludlow the response was different, emphasising as they did the need to moralise the market through an infusion of Christian values into economic conduct and relationships. For Maurice this might be done by the elucidation and general dissemination of Christian principles; while for Ludlow, though the goal was the same, the institutional basis of producer co-operatives was necessary to ensure the survival and ultimate spread of oases of Christian fellowship in the amoral and immoral desert created by a competitive market economy. Like Neale, however, both Maurice and Ludlow assumed that the market would continue to play a central role in the economic life of the nation.

John Ruskin's line of attack upon the market and commercial society was also essentially moral. He had been drawn to the study of economic and social questions through his discussion of art and architecture. For Ruskin art was primarily a reflection of the moral nature of man and was shaped, therefore, by the ethical values which prevailed in any epoch and society.⁷ Architecture too embodied an expression of social or national values for it was the outcome of social labour, encompassing and manifesting the creativity of all

from the humblest hewer of stone to the master mason.⁸ For Ruskin, therefore, to comprehend the causes of fine art and architecture and the causes too of its corruption, it was necessary to understand society, social relations and the social organisation of labour. This was the analytical prerequisite for that reconstitution of society which must precede any rejuvenation of contemporary art and it led him like Maurice and Ludlow to stress the need for the moralisation of the market and commercial activity.

What distinguishes the work of all these writers is an acceptance, sometimes implicit, sometimes explicit, that the market was here to stay at least for the foreseeable future and while it is dangerous to establish any crude link between⁹ ideological superstructure and material base this qualitative change in critical response may in some sense have reflected the economic realities of post-Exhibition Britain. Historical research has of course taught us to be wary of those who wrote of 'the triumphant outburst of...commercial prosperity which began about 1850.'¹⁰ Certainly the economy seems to have been growing at an unprecedentedly rapid rate in the period 1858-75 but as one commentator has phrased it 'while the secular rate of expansion between 1850 and 1873 was impressive it was neither spectacular nor very dissimilar from growth in the 1840s.'¹¹ It is true that real wages rose by around 33% in the period 1850-73 and that, as one writer has put it, 'the mass of the population' was beginning to enjoy 'the benefits of industrialisation' but averaged over the period as a whole the rise in living standards was not dramatic and in any case a substantial part of this rise in real wages occurred as late as the mid 1860s. Further the economy continued to be characterised by extreme instability with major slumps occurring in 1857, 1862, 1868,¹² the first of which was sufficiently severe for Marx to believe that the end of capitalism was at hand.

Yet while the work of economic historians has led us to abandon such hyperbolic phrases as the 'mid-Victorian boom' the fact remains that by the 1850s the market economy was seen to have survived the economic perils and trauma of early nineteenth century industrialisation. Despite the doom-laden predictions of the first generation of socialist writers, despite exhortations to flee to co-operative communities and escape the economic and social nemesis which must inevitably befall a

system based on competition and the unfettered operation of the forces of supply and demand, the market remained a central and apparently permanent feature of Victorian economic life. Indeed with the liberalisation of trade and the rapid growth of industries oriented to exports its significance had increased and looked destined to increase still further.¹³

It is perhaps not surprising that the mid-century period did to a large extent see a shift in critical emphasis. The economic dimension of the socialist critique of the capitalist market economy is still there but it is muted and less theoretically sophisticated than that of early nineteenth century writers. 'Bronterre' O'Brien was still around to propose the old panacea of labour exchanges spiced with a measure of resource nationalisation but, for the most part, writers of this period did not argue, as communitarians had done and state socialists would do, for the abolition of the market. Rather than shooting the beast the object was to use it or to moralise it, i.e. to infuse market behaviour with ethical principles and subject the forces of supply and demand, in at least some of their manifestations, to moral constraint. For socialist writers of the mid-century period, therefore, the market was assumed for all practical purposes to be there to stay.

NOTES

1. J. Saville, 'The ideology of labourism' in R. Benewick, R.N. Berki and B. Parekh (eds.), Knowledge and Belief in Politics, the problem of ideology, London, Allen and Unwin, 1973, 214; R.G. Garnett, Co-operative and Owenite socialist communities in Britain and America, 1825-45, 225; R. Harrison, Before the Socialists, Studies in Labour and Politics, 1861-81, Routledge and Kegan Paul, 1965.

2. S. Pollard, 'Nineteenth century co-operation: from community building to shopkeeping' in J. Saville and A. Briggs (eds.), Essays in Labour History, 74-112.

3. *ibid*, 100.

4. See also, for example, J.M. Morgan, Letters to a Clergyman on Institutions for ameliorating the Condition of the People, London, 1846 and The Church of England Self-Supporting Village, for promoting the Religious, Moral and General Improvement of the Working Classes, London, 1850.

5. See, for example, Wm. Pare, The Claims of Capital and Labour with Practical measures for their Conciliation, London, 1854.

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6. Though, of course, in the longer term Neale accepted that some central direction of the activities of producer associations and consumer co-operatives might be necessary.

7. For Ruskin, 'art was an expression of the ethical life of the nation', P.D. Anthony, John Ruskin's Labour, A Study of Ruskin's Social Theory, Cambridge University Press, 1983, 15.

7. On this point see R. Williams, Culture and Society, 1780-1950, Harmondsworth, Penguin, 1985, 1424.

9. The work of Aristarchus, for example, was published before the acknowledged starting point of the 'mid-Victorian boom' and at a time, in the case of Internal Free Trade, London, 1842, when the fortunes of capitalism and the market were at a low ebb.

10. R.H. Tawney, Introduction to Wm. Lovett, The Life and Struggles of William Lovett in pursuit of Bread, Knowledge and Freedom, London, Bell, 1920, xxviii-xxix.

11. R.A. Church, The Great Victorian Boom, 1850-73, London, Macmillan, 1975, 23-4.

12. *ibid*, 74.

13. F. Crouzet, The Victorian Economy, London, Methuen, 1982, 124.

Chapter 6

James Hole¹: Mid-Century Owenite Socialism

Though 1845 saw the demise of Queenwood, the last major attempt in pre-Exhibition England to establish a co-operative community,² the idea of creating a socialist society through a system of self-sufficient co-operative communities persisted, and, indeed, was to acquire a new lease of life in the 1880s and 1890s under anarcho-communist auspices. The 1840s and early 1850s too saw the birth of a number of variants on the communitarian theme. There were, for example, self-supporting villages advocated by John Minter Morgan³ and the system of self-sufficient home colonies proposed by James Hole.

There was, of course, nothing inherently socialist in the idea of home colonisation and certainly nothing socialist about many of its advocates. At root it was often seen simply as a means of cheapening poor relief by ensuring that the needy provided some or all of their subsistence or its cost and as a way of removing a proportion of the redundant from the labour market, so improving the competitive position of those who remained. Under the pen of James Hole, however, home colonies became part of the ineluctable progression of history from feudalism through individualism to Association or Socialism.⁴

His *Lectures on Social Science and the Organisation of Labour*, 1851,⁵ are of interest for a number of reasons. First, they show the influence of Owenite thought persisting into the mid-Victorian period;⁶ secondly, Hole's critique of the market takes more account of it as an equilibrating mechanism than did almost any other piece of Owenite socialist literature and thirdly the *Lectures* represent one of the first reactions of a writer with Owenite roots to the kind of state

directed socialism advocated by Louis Blanc in his *L'organisation du travail*, 1848.

For the most part Hole's critique of the market followed traditional Owenite lines. The market failed as a distributive mechanism because the capitalist's ability to control and so limit the supply of capital had turned what should be 'simply an exchange between capitalist and labourer into an act characterised by dictatorial supremacy on the one hand and degrading subserviency on the other.'⁷ Inevitably, therefore, this act of market exchange resulted in an inequitable distribution of wealth. Economic crises caused by underconsumption were the macroeconomic consequence for, while the pressure on labour costs might make goods cheap, this also 'destroy(ed) purchasing power.' 'The principal purchasers of commodities (were)... on account of their vast numbers the labouring classes. But the labourer's power to purchase certainly depends on his power to sell his labour.'⁸ Where that power was absent or reduced glutted markets resulted. For Hole, the market therefore lacked the macroeconomic equilibrating capacity with which it was credited by classical writers and this called into question the whole theoretical basis of the political economy they propounded. As he wrote in the *Lectures*, 'The fact of a glut of commodities frequently occurring is too well known to be denied. But the occurrence of gluts is a most inconvenient obstacle to the success of the supply and demand theory.' In a competitive market economy there was, in fact, no 'proportioning of the two elements of production and consumption to each other' and indeed the macroeconomic forces which the market generated frequently tended to produce a disparity.⁹

In marked contrast to socialist writers of the 1820s and 1830s, Hole did accept that these crises of underconsumption were not continuous and worsening phenomenon. He accepted that crises were periodic in nature and he was aware, therefore, that the market could set in motion at least some equilibrating forces. Thus 'when a glut occurs', he wrote, 'it is quite true that the ruin of a number of capitalists, and the starvation of a quantity of operatives will like every storm clear the atmosphere'¹⁰ but storms involved wreckage and waste and this manner of alleviating gluts did not absolve capitalism and the market from the charge of destroying capital and impoverishing labour.

On the question of pricing too Hole, unlike

earlier socialist writers accepted that the market mechanism might function in such a way as to ensure that market price tended to equal cost or natural price. 'It is quite true', he wrote, 'that selling price always *tends* to equal the cost of production, but how much and fearful evil may be occasioned by its being actually above or below that price.' Further, while it was true that market price and cost of production 'tend, in years, generations, or ages to approach each other...is life so long, or human misery so small a matter, that the living can afford a wait till time adjusts these proportions. Besides new disturbances are continually arising and unless we are prepared to control the cause or modify their effects...we still perpetuate the evil.'¹¹ In the long run, for Hole, we are all dead and the theoretical capacity of the market to generate natural, equitable, cost of production prices had little real world significance for those who bore the brunt of the adjustment process. While the market might indeed grind in the right direction, for the working classes it ground exceeding small.

In Hole's discussion of the consequences of mechanisation too, there is a greater awareness of the equilibrating properties of the market than that displayed by previous socialist writers. Thus in discussing the possible displacement of labour by machinery, Hole accepted the classical argument that in cheapening commodities and raising purchasing power machinery would add to the demand for goods and services and thence create employment opportunities elsewhere. 'It is true', he wrote, 'that what producers save...they will expend on *something* else, but unless that something is a commodity demanding as much labour as had been displaced by the new machine it is no compensation to the labourer.' Even accepting that this is so, he went on, 'The fact of additional employment to one set of people is small consolation to another whose labour is substituted.'¹²

What distinguishes Hole's *Lectures*, therefore, is the extent to which they display an awareness and understanding of the theoretical case to be made out for the equilibrating properties of the market. This may have stemmed in part from a wider appreciation of the arguments contained in classical economic literature but the evident resilience of an economic system which had survived the crises of the 1830s and 1840s to display its global economic supremacy at the Great Exhibition of 1851

must surely have left its mark on any work of political economy published in that year. There was no doubt in Hole's mind as to the inevitability of human progress in a socialist direction but equally there is not in the *Lectures* that belief in the imminent demise of capitalism so characteristic of the work of an earlier generation of socialist writers. The existence of equilibrating tendencies in a market economy, however inadequate in the long run, could not be altogether discounted.

Yet in the final analysis the theoretical defences of capitalism and the market were based upon simplistic and unrealistic assumptions. The market was not the well-oiled, smoothly functioning mechanism beloved of classical theorists. Thus writing of laissez-faire Hole argued that, 'on the assumption that men were either machines or angels the theory might stand; if there were no powerful, and even varying, disturbing causes such as fluctuations of nature, the ignorance, selfishness and passions of men; or if men possessed intelligence sufficient to know all the wants of the race, power sufficient to supply them, and benevolence sufficient to disclaim any advantage inconsistent with the welfare of their brethren; but on any other condition the hypothesis (that laissez-faire was the optimum economic policy) is unsound.' 'The theory of economists as to supply and demand is true only on paper. It would be true in fact if capital could be transferred as easily as the word is spoken - if labourers could on the instant turn to new employments which they never learnt.'¹³ The market worked, therefore, only when factor immobility, ignorance, uncertainty, irrational and malign behaviour and exogenous shocks were assumed away. Remove these assumptions and you were left with a system which operated on the basis of chance and coercion rather than one which was subject to purposive and rational human control.

Even leaving aside the pernicious social and moral consequences of participation in a competitive market economy, it was necessary to replace the market with an economic system where resources were 'employed on rational principles' rather than on the basis of chance or avarice. It was here that home colonies had an important role to play. For Hole 'the system of living in these home colonies should be based on the principles of Association'¹⁴ and, in true Owenite vein, their primary objective should be self-sufficiency. They were to furnish

a market for their own produce and this would both allay the charge that they merely redistributed rather than created employment and also, ultimately, render them independent of 'government surveillance.' To attain this objective it would be necessary to establish 'the various branches of production according to the wants of consumers,' however this 'demands but the same skill that is exhibited in a very large manufactory or even in the commissariat of an army or the victualling of a ship of war.'¹⁵ This pauper labour would be chosen so that its wants, as home colonists, would be exactly mirrored by its capacity to produce. Thus Hole reduced the problem of allocation to that of managing a single enterprise or entity such as an army or a ship where demand and the capacity to supply could be speedily and accurately gauged by direct observation. In fact, what Hole suggested was that the Poor Law Commissioners in organising home colonies should simply seek to replicate the structure of employment to be found 'in general society.' So observation of the existing market economy and society would provide the initial solution to the problem of how to allocate labour; labour would be distributed within the microcosm of the home colony in the same proportions as it was in the competitive market economy. Thus 'the pauper population' would come to be 'a kind of state within a state.'¹⁶

With regard to the problem of valuing what colonists produced, Hole argued that the worth of what was produced and thence the efficiency of production must be gauged by the extent to which produce contributed towards self-sufficiency. As he wrote 'colonies...necessarily contain a self-acting and self-regulating test of efficiency, in the degree to which they become able to dispense with the pauper ration and government surveillance, that is in the degree to which they become self-supporting.'¹⁷ The extent to which productive activity contributed to self-sufficiency was, therefore, the apposite measure of its value. On how exactly this was to be estimated Hole was not, however, forthcoming. As far as goods sold outside colonies were concerned these were to be left to be valued by the market.

Hole's ultimate goal was 'a Union of Associations wisely organized, so as to produce the various commodities in due proportion to the wants of the members.'¹⁸ Such a Union 'would be entirely independent of the panics and trade-shams of the general

market' and within it 'supply and demand must be proportioned to each other, not by the rude and painful process called "the higgling of the market", but by a calculation of the wants of the members and the means existing to supply them.' Hole envisaged further that 'Trading Associations (would) to a great extent do away with individual competition' but it might well be that 'competition between associations could only be neutralized by a larger association or the State.'¹⁹ Certainly he did not believe that the market should be left free to play a mediating role in this respect nor in the exchanges between associations which should 'be a matter of arrangement. The elements of the cost of production once ascertained *by mutual counsel and goodwill* all future exchanges would proceed on a determinate basis, so long as the ratio of those elements remained unaltered.'²⁰ The deliberate, objective determination of price would come to replace its haphazard determination by the market. Similarly with regard to the distribution of wealth. This would be divided 'according to some mutually accepted and understood principle.'²¹ Again the conscious, the rational, the moral estimation of desert was to replace the coercive automaticity of the market.

One final point should be noticed. While Hole acknowledged the role of the state, financial and organisational, in establishing home colonies, he nonetheless warned that 'it would be a fatal error to devolve upon a Government duties which it could not fulfil - for example, to organise the whole labour of society.' The organisation of labour is not to be *brought to Society*; it must proceed from it. The disturbed mass is not to be crystallized at once, but at various points, which all eventually converge until the whole mass becomes symmetrical.²² Hole also emphasised the evils resulting from the concentration of organising authority and, therefore, economic power, in the hands of the state. It was, he argued 'inimical to liberty' and, in addition, 'by the too great multiplication of functions in the central body, the state is incapacitated for the discharge of all the duties of which it is otherwise capable.'²³ Socialism would emerge from the natural precipitation of co-operative crystals in the solution of competitive individualism. Despite his determination to organise labour and to eliminate the 'forced idleness, alternating with useless labour'²⁴ which characterised a market economy this

did not lead him in the direction of state socialism. Hole remained true, in the *Lectures*, to his Owenite roots, adhering to a decentralised socialism where the functions of the market had been replaced by 'mutual counsel', 'goodwill' along with the direct apperception of wants and the deliberate calculation of values by the communitarian equivalent of the Admiralty or an army commissariat. Here little had changed since the 1820s, except, of course, the economic world in which communitarian socialism was supposed to triumph.

NOTES

1. For the only substantial survey of his life and thought see J.F.C. Harrison, Social Reform in Victorian Leeds, the Work of James Hole, 1820-95, Leeds, Thoresby Society, 1954.

2. Though the last Owenite community at Garnlwyd near Camarthen did not fold until 1855.

3. See above.

4. J. Hole, Lectures on Social Science and the Organisation of Labour, Leeds, 1851, ix.

5. It was referred to by J.M. Ludlow as 'the best and wisest handbook of socialism that I am aware of in any language', Christian Socialist, 5 December 1851, 357.

6. Though Hole was critical of Owen, see J.F.C. Harrison, Social Reform in Victorian Leeds, 2; Harrison notes also the possible influence of J.F. Bray who lived in Leeds, 1822-42, *ibid*, 25.

7. J. Hole, Lectures, 44.

8. *ibid*, 17, 116.

9. *ibid*, 9, 20.

10. *ibid*, 25.

11. *ibid*.

12. *ibid*, 115.

13. *ibid*, 24.

14. *ibid*, 72.

15. *ibid*, 7, 58.

16. *ibid*, 70.

17. *ibid*, 82.

18. In general the communitarianism of Hole and the Redemptionists had a more industrial orientation than that of the Owenites of the 1830s and 1840s. Thus they emphasised the importance of constructing factories once the resources of the communities permitted, J.F.C. Harrison, Social Reform in Victorian Leeds, 6-7, 13.

19. J. Hole, Lectures, 151.

20. *ibid*, 157.

21. *ibid*, 155.

22. *ibid*, 133-4.

23. *ibid*, 133-4.

24. For Hole's subsequent intellectual development see
J.F.C. Harrison, Social Reform in Victorian Leeds, 49ff.

Chapter 7

Mid-Century Christian Socialism

By the mid-century period the Victorian economy had undoubtedly begun to generate a measure of material prosperity but, for the Christian socialists this was as nothing when compared to the spiritual impoverishment which was sapping the moral foundations of Victorian society. The competitive market economy had fragmented society into a collection of self-seeking atoms;¹ it had corrupted Man's nature by embroiling him in a 'petty, ignoble and unsatisfying struggle after perishable objects';² it had debased his creativity by directing it to the production of what was 'cheap and nasty';³ it had dehumanised him through the regime of sweated workshops as employers sought to maintain or extend competitive advantage; it had mutilated his social sensibilities by the gulf it opened between producer and consumer, employer and employed; it had left society 'drifting rudderless upon a sea of competition';⁴ a prey to anarchy and disorder. In short competition and the market had corrupted Man's soul and buried his spiritual nature under the slurry of an egotistical materialism. In the words of F.D. Maurice competition represented 'a threat to the Divine Order.'⁵

This, in essence, was the mid-century Christian socialist critique of the market and the manner in which it functioned; this the flavour of 'the holy water with which the priest consecrate(d) the heartburnings of the aristocrat.'⁶ The economic dimension of this critique added nothing to that already articulated by early nineteenth century socialist writers and, in many respects was much less theoretically sophisticated. Further, stripped of its religious patois the social, ethical and aesthetic dimension of their assault on the market

can be found in the writings of the Owenite socialists. Their Christianity did allow them to emphasise the depth of the hypocritical gulf between moral principle and economic practice in a supposedly Christian society but in terms of the evolution of nineteenth century socialist political economy it is the constructive rather than the critical aspect of their work which is of interest and it is upon this that the chapter will concentrate.

F. D. Maurice

Writing of trade and manufacture Maurice insisted that, 'Human relations not only should lie, but do lie beneath all these.'⁷ Thus if the evils which characterised contemporary economic life were to be removed, it was necessary first to effect a transformation in those relations; one which would cause humanity to apply those principles of brotherhood and fellowship which Maurice believed underlay the Divine Order of things. The revolution in the existing order to which Maurice looked was, therefore, essentially a moral one. If the evils of existing, capitalist, economic arrangements were to be removed it was not by a direct attack upon or replacement of its institutional and organisational structures but through the infusion of the principles and attitudes of Christian fellowship into all areas of economic activity.⁸ Thus the object of Christian socialism was 'not to create a new order of society'⁹, not to change the structure but the spirit of society. As he wrote, 'To set trade and commerce right we must find some ground not for them but for those who are concerned in them, for men to stand upon.'¹⁰ Like Ludlow and Neale, Maurice believed that economic life in general and the market in particular should be moralised but unlike them he placed no great emphasis upon institutional expedients such as producer associations and consumer co-operatives. As he put it, he wished 'to show that economy and politics...must have a ground beneath themselves, that society is not to be made anew by arrangements of ours, but is to be regenerated by finding the law and ground of its order and harmony...in God.'¹¹

Spiritual regeneration, a growing awareness of the Divine Order was the key to the transformation of economic conduct for with that would come an increasing application of Christian principles to trade and industry. This was the

context in which Maurice understood 'the function of the Society' (for the Promotion of Workingmen's Associations). It was 'to apply the principles of Christianity to trade and industry', for 'Any persons who try systematically to sell good wares at a fair price' were, according to Maurice, 'applying one part of this principle of Christianity to trade and industry...They affirm that the smallest transactions of life are under moral laws.'¹² The just price would prevail, the market and commercial life would be moralised and transformed, through the application of Christian principles by those whose lives had undergone a spiritual regeneration. For Maurice 'the operations of trade and industry' were 'under a moral law' but to give that law force a religious transformation in the lives of all those who participated in the economic life of the nation was necessary; one which would lead them to an understanding of 'the Divine Order as an *existing reality* to which the Bible was the key.'¹³ Institutional and economic reforms might be the consequence but they certainly could not be the cause of this process. In this respect Maurice differed from fellow Christian socialists such as J.M. Ludlow and E.V. Neale, though more from the latter than the former.

Except in the loosest sense as an advocate of fellowship and fraternity, Maurice cannot be categorised as a socialist. Certainly he added nothing to the political economy of socialism. Yet it is necessary to take some notice of his pronouncements on economic matters for he undoubtedly inspired other Christian socialists who wrote on these at greater length. Thus both Neale and Ludlow sought in their own different ways to moralise and hence transform the economic relations mediated by the market. It is these which will now be considered.

J. M. Ludlow

As one commentator has appositely phrased it, Ludlow's immediate aim was to create 'islands of Christian brotherhood within the competitive ocean of industrial capitalism.'¹⁴ If Christian values and Christian fellowship did not prevail generally in economic life then it might at least be possible to 'set up God's kingdom in factories';¹⁵ if a sense of Christian brotherhood did not exist beyond the factory walls it might at least serve to transform relations within the workplace.¹⁶ This could best be

achieved, Ludlow believed, through the creation of co-operative producer associations.¹⁷ Within these producer associations it would be possible for the labourer to come to view others not as competitive rivals but as fellow producers with whom he co-operated in pursuit of a common objective. Further, in removing the distinction between employer and employed, the primary source of social antagonism,¹⁸ another major obstacle to the burgeoning of Christian brotherhood would have been removed. Within the co-operative workshop or factory the virtues of fellowship would be fully understood and its values and attitudes generally assimilated and applied. Within these associations the writ of the market would not run and its mores would not prevail; neither would the labourer be exposed any longer to the competitive pressures which allowed his employers to reduce him to a meagre subsistence. Rather the value of labour would, in theory, be consciously determined according to what was perceived as fair and just and that wage would prevail for the same grade of labour within all the producer associations which operated under Christian socialist auspices. Within these associations members would be paid an 'allowance' which 'shall be a fair day's remuneration for a fair day's work.. and as far as possible [this] shall be the same in all associations of the same trade and in the same place and for the same nature and quality of labour.'¹⁹

Ultimately, however, Ludlow saw these islands of Christian brotherhood as becoming part of an economic and commercial main which had been transformed by the infusion of Christian values.²⁰ For, by operating successfully within commercial society these associations would alter the very principles which governed economic activity and economic decision-making. Here the influence of Maurice is obvious and strong. Ludlow's goal was to Christianise commercial and industrial life. For Ludlow, like Maurice 'social reform was only possible through the moral regeneration of the individual';²¹ unlike him he believed that the reorganisation of industrial enterprise upon a different basis was a fundamental prerequisite. The creation of producer co-operatives were vital to the spiritual and ethical regeneration of society.

Ludlow saw co-operative producer associations as having a twofold function. On the one hand they could provide in microcosm the requisite moral

environment within which individuals would learn to substitute fellowship for rivalry, co-operation for competition, altruism for selfishness, social for individualistic instincts. On the other hand they were to be the Christian leaven in the lump of commercial society, transforming it through the permeation of Christian values until economic activity came to be guided by the imperatives of Christian moral law. Thus in 1849 Ludlow had written approvingly to Charles Kingsley of the Parisian 'ateliers nationaux' that they were 'endeavouring to beat down and moralise competition by competition itself' and this was undoubtedly the role which he envisaged for his producer associations.²²

For Ludlow, this moralisation of competition would manifest itself in the triumph of natural values over competitive market price. The latter he saw as the unplanned outcome of competitive market forces, which derived from the unchristian, egotistical pursuit of material gain; the former would result from the conscious application of Christian moral imperatives. Ludlow put it thus in an article in the *Prospective Review*. 'I am not aware', he wrote, 'that any socialist has ever denied that competition is actually an element in price...But they do deny that competition is any element in value...and without hoping ever wholly to eradicate from the hearts of men those selfish feelings which tend ever to raise the price to the purchaser, to diminish it to the seller, they assert that there is a natural value for every article, and that such a value ought to be more and more perfectly realized in its price. We say things are worth something not because men will or will not buy them, but because *men* are worth something, whether others deem it or not...We say a man *ought* to be able to eat his bread in the sweat of his brow and that therefore the price of his labour *ought* to be adjusted to the scale of his necessities, and not his necessities to the market price of his labour.'²³

Thus Ludlow looked to a gradual transformation of market prices into natural values and with it a transmutation or moralisation of the market itself. This would be effected by the gradual permeation of the conduct of economic affairs by a concern for what ought to be rather than with what was economically expedient. This flowering of a spirit of Christian fellowship would ensure that 'fraternal feeling' and 'justice' rather than 'selfishness'

would come to 'govern exchanges'²⁴ and so, increasingly, prices would come to be determined by reference to moral as against narrow economic considerations. In particular the determination of prices would come to proceed from the moral assumption that all who laboured should be sufficiently rewarded to secure to themselves a comfortable and secure subsistence. Value would be determined by reference to an ethical rather than a narrowly economic standard. The triumph of the principles of Christian socialism, for Ludlow, would mean the triumph of the just price.

It was this determination to moralise prices through the medium of producer associations which lay at the root of the differences between Ludlow and the two other Christian socialists who discussed economic questions at length; differences as to the institutional and organisational path along which Christian socialists should proceed. Like Ludlow, Jules Lechevalier and E.V. Neale also emphasised the need for 'equitable' prices but their belief was that these could be secured through the socialisation and rationalisation of distribution and consumption. Ludlow's position on this matter will be compared with that of E.V. Neale later but at this point it is useful to contrast his thinking with that of Lechevalier with whom he disputed.

Lechevalier started from the same premise as that of Neale, namely the fundamental need 'to obtain goods exempt from such adulterations and other impositions of trade as are now prevailing, especially amongst the class of tradesmen by whom the workingmen and poor people are usually supplied and to secure to themselves through wholesale purchase a great part of the profits now reaped by that almost entirely parasitical branch of commerce, the small retail dealer.'²⁵ However, while Neale would have found this classical statement of the philosophy of consumer co-operation acceptable, he emphasised the need for a 'healthy competition' in the marketplace to secure these objectives,²⁶ while Lechevalier moved in the direction of a strategy for co-operative regulation of pricing and distribution which is reminiscent in many ways of the ideas put forward in the 1820s and 1830s by the socialisers of exchange and in some ways reminiscent too of the ideas of Bray and Gray.

For Lechevalier it was necessary to 'counteract the blind fatalism, naturalism and materialism'²⁷ of those who relied on the market as a means of

pricing and satisfying demand. 'Henceforward,' he believed, 'demand must and can be satisfied upon fixed principles and no longer left to the hazards and speculation and the usurious practices of cupidity.'²⁸ Specifically there should be an 'effort of human will and human intellect' to establish 'fixed and arbitrated prices.' The objective should be 'a new arbitration of (the) prices and of the value of everything.'²⁹ This was why Lechevalier supported the establishment of a Central Co-operative Agency which he saw as an institutional means of effecting this.

In place of the uncertainty, speculation, injustice, fluctuations and risk which attended the formation of prices by market forces Lechevalier suggested 'equitable arbitration, which is nothing else than a rational mode of compensating and conciliating opposed interests, of fixing from time to time, by common agreements the standard of wages, the rate of interest and the price of mercantile commodities.'³⁰ To facilitate this task it would be necessary to introduce a new medium of exchange. Thus the 'arbitrary and fluctuating MERCANTILE RATE of gold and silver as a medium of exchange' would be replaced by 'the fixed and previously accepted ARBITRAL VALUE of notes of exchange'; notes which were to be 'entirely independent of the fluctuations of any mercantile commodities, including gold and silver themselves.'³¹ It was, therefore by the conscious regulation of exchanges and exchange value that the price determining role of market forces was to be superseded.

Such a regulation of the price of commodities would eliminate the conflict and antagonism between producers and consumers which a freely competitive market engendered. The conscious, rational resolution of conflict by the 'arbitral' determination of value would replace the resolutions of conflicts by *force majeure* and eliminate too those 'petty frauds which now taint...deeply and extensively the retail dealings of the country.'³² In addition, Lechevalier saw in his Anti-Competitive Agency and later his Universal Supply and Demand Establishment the institutional basis for a general co-ordination and direction of economic activity. Thus through 'the collection, execution and centralisation of orders' the Agency could 'successfully organis(e) labour';³³ it could, therefore, given the pricing and exchange functions it performed, play an effective allocative role. The

rational, social control of exchange and distribution could be used as a means of regulating economic life in general.

Lechevalier's aspirations and policy prescriptions are those of the labour exchange phase of the co-operative movement but the means for implementing them involved the central organisation and direction of economic activity. The conscious, rational determination of value was to replace price formation by untrammelled market forces; the human intellect was to substitute for the impersonal and irrational. Distributive justice was to replace fraud, deceit and usurious market behaviour. Social antagonism was to be mitigated by reason; order was to replace anarchy and uncertainty which prevailed in the unregulated marketplace. A stable standard of value and medium of exchange were to oust gold and silver the values of which were subject to constant fluctuation. There was, however, this essential difference. While Owen, King et al. saw the introduction of labour exchanges as a means to a communitarian end, Lechevalier saw the regulation of distribution and exchange as *the* means of making 'the present industrial system perfect.'³⁴

However, Lechevalier's speculations on the role to be played by his Anti-Competitive Agency did not advance the debate as to what could provide an alternative to the market as a pricing and allocative mechanism. Indeed 'arbitral value' was an even more ill-defined concept than labour value while the practicalities of making it operational were even more sketchily discussed than had been those involved in implementing a labour standard. Thus with Lechevalier and his determination to replace the market, we are back even more deeply in the theoretical and speculative quagmires that bedevilled socialist economic thinking in the 1820s and 1830s and it was here that Ludlow was quick to highlight the essential weaknesses of Lechevalier's plans.

As Ludlow saw it, Lechevalier's aim was to create a 'Board undertaking on its own responsibility to supply all goods demanded of good quality and at an *equitable price*, without in the least showing upon what data that 'equitable price' is to be based.'³⁵ Lechevalier had indulged an imaginative capacity to create economic institutions without displaying a comparable ability to articulate clearly the theoretical basis upon which these institutions would fulfil their economic tasks.

As Ludlow wrote 'behind this attempt to introduce fair prices there is unperceived apparently by the author...a whole theory to be wrought out of what I may call the lawful and proportional wants of men and their average pecuniary value.'³⁶ Prior to the clear formulation of such a theory Ludlow saw any attempt to establish equitable prices, in the way suggested by Lechevalier as 'perilous and premature.'³⁷ In fact, all Lechevalier was doing was adding an arbitrarily determined mark-up to current, market-determined, costs of production. He would therefore, Ludlow believed, end up with prices to which current market prices largely approximated.³⁸

For Ludlow the goal of just and equitable prices could not be established by tinkering with the solution which the market had already provided. Rather it was necessary to work from a different basis from that furnished by the forces of supply and demand and to begin with production and the needs of the producer rather than consumption and the interests of the consumer. As he was to write in his *Autobiography*, after the dust of his disputes with E.V. Neale and Lechevalier had settled, 'I felt then (early 1850s) as I feel now, that consumption, however an important element in human life, should be kept subordinate to production.'³⁹ In any case consumer co-operation would not resolve the conflict in the marketplace between employer and employed. This would require a moral revolution; an infusion of Christian values into the workforce and with it a universalisation of fraternal feelings which would transform the manner in which production was organised and labour rewarded.

It has been said of Ludlow that his writing was devoid of the all-embracing visions of the Ricardian and Owenite socialists and characterised rather by 'a stuffy parochialism.'⁴⁰ This is unfair. Indeed it might be more just to argue that while Owenite communitarians sought to withdraw into their self-sufficient havens of mutual co-operation, Ludlow sought to transform industrial and commercial society by participating in it. In this respect Ludlow, in the constructive aspect of his political economy, confronted more directly the reality of building socialism in an industrial society in a way that most Owenites did not. Indeed, after the claustrophobia of neo-autarkic co-operative communities, Ludlow's producer associations come as something of a breath of fresh air.

It is true of course that in terms of practical

experiment 'what remained after the denunciation of the evils of competitive capitalism were ill-judged and petty schemes for establishing small groups of working men as independent producing units,'⁴¹ all of which suffered a fairly speedy demise.⁴² Yet it is nonetheless true that however petty, however short-lived these schemes, they were not predicated upon a retreat from the economic world as it existed and they also had the merit of taking industry rather than agriculture as their basis.

To say this is not to defend Ludlow's road to socialism, still less to suggest that his Christian socialist moral economy provided any coherent theoretical alternative to the manner in which the pricing, distributive and allocative functions were performed by the unmoralised market. Indeed as Ernest Jones and many subsequent writers have recognised, for all his condemnation of it, Ludlow's co-operative producer associations had necessarily to conform to the disciplines and accept the logic of the market.⁴³ The paradox of Ludlow's Christian socialism was that in order to survive these producer associations had to embrace the philosophy of competition and therefore became permeated by the ethos of the market rather than themselves infusing commercial life with a spirit of mutuality and fellowship. In the final analysis economic success demanded that the corrosive amorality of the market triumph over the ethics of fraternalism.⁴⁴ As E.V. Neale recognised, while the aim of co-operative production was 'to secure to the workman control over his own work' in actuality it could 'promise to no one more than what can be obtained for his work in the ordinary markets.' It could not therefore 'engage to deliver any one from the hard struggle of fierce competition.'⁴⁵ With Ludlow the political economy of Christian socialism was torn between a *de iure* determination to moralise the market and to destroy the egotistical, atomistic antagonistic, unchristian forces which it unleashed and a *de facto* acceptance of the logic of competitive capitalism. It was, therefore, inevitably incoherent on theoretical questions relating to how this moralisation was to be given practical effect. With Ludlow the just price remained in the realm of aspiration and outside the ambit of practical political economy.

E.V. Neale

It is tempting to juxtapose Neale and Ludlow

as the proponents of two different and conflicting paths for Christian socialism. Thus in the 1850s and 1860s Neale was the foremost advocate of consumer co-operation, the essential aim of which was to supply good quality produce more cheaply and efficiently than private retailers. Co-operation was therefore about 'getting the best goods at a fair market price,' eliminating the fraud and deceit which characterised retailing and so removing that prime cause of social antagonism 'the opposition of interest which now exists between buyer and seller.'⁴⁶

This emphasis upon the primacy and virtues of consumer co-operation inevitably provoked the ire and opposition of Ludlow which manifested itself at an institutional level in the growing gulf between the activities of the Central Co-operative Agency and the Society for the Promotion of Workingmen's Associations. For Ludlow, Neale's schemes represented simply the rationalisation of the market with no attempt to transcend its imperatives and establish radically different, Christian basis for the conduct of economic activity. Thus Ludlow complained of 'The Mammonspirit' within Christian socialism 'which whisper[ed] to some to judge of every proposal by the money standard' and which threatened 'to turn fellowship into a more skilful mode of profit-mongering.'⁴⁷ In Neale's hands Christian socialist principles seemed to have been abandoned for a mess of equitably priced and unadulterated potage. At best, as Ludlow saw it, consumer co-operation could rationalise the market and ensure that the spirit of capitalism worked for the benefit of working-class consumers but it could not exorcise that spirit and replace it with that of Christianity. It was for this reason that Ludlow gave priority to socialising production, something which would allow the direct application of the principles of Christian fellowship to economic life and which would eliminate the major conflict in society which was not, for Ludlow, that between buyer and seller but that between employer and employed.

Yet it would be wrong to see Neale as a simple advocate of consumer co-operation even though that loomed large in his thinking and activity in the 1850s. Neale certainly strove, as he expressed it in 1851, for 'a new, better organized and more steady industry and commerce'⁴⁸ but he did not see proliferation of co-operative wholesale societies

as the exclusive means to this end. In assessing Neale's attitude to the market it is helpful to make two distinctions. First it is necessary to distinguish between an early and a later Neale and secondly it is useful to distinguish between his immediate and ultimate objectives. Thus in the 1880s there was a strong tendency in his writings and utterances to evince a distaste for the crude materialism of the competitive market society with its endless 'petty, ignoble and selfish struggle for perishable objects.'⁴⁹ In addition there was in this period a definite interest in communitarianism and an increasing emphasis upon the importance of co-operative production.⁵⁰ Indeed his final years of involvement with the co-operative movement are characterised by a struggle against those, ultimately triumphant, who saw co-operation in purely consumer terms.⁵¹ Thus in his Presidential Address to the 1888 Co-operative Congress at Dewsbury, he looked forward to a time when 'some Holyoake of the future (would) be able to record of the co-operators of Great Britain. They had moralised distribution and exchange; *they went on to moralise production.*'⁵² In his later years, therefore, a realisation of the inadequacy of consumer co-operation *toute seule* is clearly articulated and emphasis is switched to the need for more widespread experiments in co-operative production.

Yet perhaps the more important distinction is not that between an early and a later Neale but between Neale's immediate and ultimate aims; the first being more clearly articulated in the 1850s and 1860s, the latter in the 1870s and 1880s. Neale made the distinction himself in the course of a combative correspondence with the Chartist Ernest Jones in which they debated the question as to what determined the exchange value of commodities. Initially, Neale advanced an essentially neo-classical argument that in the absence of some fixed objective 'standard by which to measure the value of different articles...value must remain *subjective*, dependent upon the desires and means of the buyer'⁵³ i.e. price or value must be left to be determined by market demand. Jones reacted strongly to this suggestion arguing on the contrary that 'The value of an article is...the time and labour spent upon it, not the desires and wants of the purchaser.'⁵⁴ Neale's reply to this proposition is illuminating. On the one hand he defended his initial position by arguing that 'price...depend(s) on the wants and means of the buyer' and further

that any 'attempt to arrive at anything like a true standard of value by any other means than the market price of the article (was) at the present time utterly impossible.'⁵⁵ Yet in the same letter when he did look to the future he avowed himself 'ready to admit that the labour bestowed upon producing any article does constitute the natural standard of its value to the maker' and with respect to producer associations, given their 'desire to deal with perfect justness' he believed that 'time.. (would) ere long be introduced as a standard of comparison for the purpose of exchange.'⁵⁶ In this context consumer co-operation was, for Neale, a move in the direction of this objective. As he saw it a rationalised market characterised by 'healthy competition' was an important means by which natural and just values would be established. Neale looked forward, therefore, to a 'healthy competition arising from the comparison of different objects consequent upon freedom of exchange'; a competition which he saw was 'an indispensable accompaniment of improvement, if not a condition of it' and from which 'associations ought not to wish to be delivered.'⁵⁷

Neale's objective was to establish and maintain just, natural, values. Like Ludlow he sought the moralisation of the market economy but one moralised, initially, less by the direct infusion of Christian values than by the elimination of market imperfections. For Neale the rationalisation of the market was the moralisation of the market. Referring again to the passage previously quoted from his 1888 Presidential Address, by that date, he obviously believed that the advance of consumer co-operation had indeed 'moralised distribution and exchange.' As he expressed it to Lechevalier in a letter of 1852, Neale's ultimate objective was 'to introduce Christian morality in Trade, Industry and Commerce'⁵⁸ and he saw the spread of consumer co-operation as a major step along the road to that goal. The essential difference between Neale and Ludlow was that while the former believed, for the most part, that the market might be moralised by the elimination of force, fraud and deception from the act of exchange the latter saw the very act of competitive buying and selling as the source of unchristian values and attitudes. While for Neale, therefore, it was enough to devise a system of distribution and exchange which would eliminate the opportunity for immoral economic conduct, for Ludlow it was necessary for the act of exchange to

be positively governed by Christian ethical principles rather than by the forces of supply and demand.

Unlike most nineteenth century socialist writers, Neale did initially envisage a place for the competitive market in the socialist organisation of economic life. In particular Neale believed that prices would gravitate to a just level not through the direct application of ethical criteria to the business of price determination but by means of a 'healthy competition.' This does raise the question of whether what Neale advocated may be categorised as socialism? Certainly there is little of a socialistic nature in that writing, and there is much of it, where Neale concerns himself with discussing and devising arrangements to provide unadulterated goods at cheap prices. However, as Backstrom in particular has made clear, there is more to Neale than this. His vision transcends mere consumer co-operation and involves a decentralised socialism where producer associations operate under the spur of healthy competition supplying goods to consumer co-operatives which would distribute them cheaply and efficiently through co-operative stores.⁵⁹ Ultimately Neale looked to a socialisation of production as well as a co-operative rationalisation of exchange, something which brought Neale into increasingly sharp conflict with those who in the 1870s and 1880s became more concerned with trading profits than co-operative or socialist ideals.⁶⁰ Such a vision was not as all-encompassing and broadly inspiring as that of the early nineteenth century communarians and more seriously it lacked the political dimension which was to characterise the socialism of a later period. There is no politics of socialism in Neale's work and this is reflected in his crucial failure to discuss the role which the state might play in implementing his brand of decentralised socialism.

Yet Neale did make some attempt to confront the plight of producer associations in a capitalist environment. Thus in a 'Memoir' of 1850, later published as a 'Scheme for the formation of the Working Associations into a General Union', March, 1851, he argued that if a programme of establishing producer associations was to be successfully implemented, it would be necessary to establish a central Union which would prevent any dissension or rivalry between producer co-operatives.⁶¹ In addition it would have overall responsibility for the

policies pursued by producer associations, it would accumulate and distribute profits, encourage the amalgamation of associations in the same trade and assume responsibility for transferring labour.

This Union was a direct response to the dangers which Neale saw as resulting from the proliferation of a number of small, independent producer associations, financially weak and, potentially at least, competing with each other for business. Yet while this was primarily a response to the immediate practical problems confronting producer associations in the early 1850s, it is interesting to note that Neale wrote elsewhere of 'central institutions', 'to which the spirit of association naturally leads'; institutions which placed 'within reach of all, facilities for procuring materials and the sale of products.'⁶² This would suggest that Neale envisaged a longer term role for such authorities with their assuming some of the pricing, distributive and allocative functions of the market.⁶³

It was this that moved W.R.Greg to argue that 'the advocates of association, as a cure for competition (were) caught between two horns of a dilemma: in (one) case you have many Associations (and) you retain all the evils of competition: in (the other) case you merge them all into one (and) you encounter all the evils of monopoly.'⁶⁴ Yet Neale's failing surely was not so much that his proposals ushered in the evils of private monopoly but that he failed to suggest how a central Union of the kind he envisaged would use its monopoly power for the public good. On what basis, by reference to what criteria using what methods of economic calculation would a central authority ensure the triumph of Christian socialist principles and the maximisation of social welfare when it came to pricing, distributing and allocating resources. In his correspondence with Ernest Jones there was a suggestion of a recourse to labour time for purposes of calculation but this idea is nowhere amplified. So while Neale looked ultimately to the demise of the market and to its replacement by some kind of central regulative authority he does not make clear the basis upon which that authority would exercise its economic powers. No doubt, as C.E. Raven has suggested with respect to pricing some attempt would be made to chart a middle way between the Scylla of unfair competition and the Charybdis of monopoly,⁶⁵ but the nature of the rudder to be used to steer the socialist vessel is not made plain. As one writer put it, in the final

analysis 'Neale took more time devising means for ending the domination of capitalism than in explaining what he would put in its place.'⁶⁶

Conclusion

What emerges from a study of the Christian socialist reaction to the capitalist market economy of mid-Victorian Britain is firstly the uniformity of the criticisms which were made of the manner in which it functioned and secondly the diversity of the prescriptive responses advanced by individual writers. For Maurice the problems of a capitalist market economy were problems which could be solved by the spiritual regeneration of those involved in economic life. They required no radical, structural transformation of society but simply an awareness and application of a Christian morality. For Ludlow also the conduct of industrial and commercial affairs had to be infused with a Christian spirit but Christian principles would have to be fostered by more than exhortation, education and the hope of a growing spiritual enlightenment. This was to be the role of co-operative producer associations which by inculcating a sense of fellowship and fraternity would gradually transform the basis upon which economic activity was conducted. What would emerge was a moral economy where market forces would be replaced by the conscious application of ethical principles to questions of value and distribution. A moral economy was to be reconstituted not by the benevolently paternalistic intervention of the state but by the independent endeavours of the labouring-classes. E.V. Neale likewise sought the moralisation of trade and industry but this was to be secured through the growth of a market socialism where producer associations would strive in a healthily competitive fashion to supply a distributive system organised on co-operative lines. Ultimately, Neale suggested there might be a need for some central direction and control of economic activities but this is an idea whose theoretical underpinnings he does not consider in any detail. Finally, there is Lechevalier drawn by the siren call of an optimistic rationalism to abandon the market and return to the era of labour exchanges when value was determined by the wise and the good. With such a diversity of constructive proposals the wonder is not that the Christian socialist movement was riven by continuous dispute and maintained only a semblance of coherence and common purpose for such

a short period but that it assumed any of the characteristics and identity of a 'movement' at all. If the critical spirit was willing the prescriptive flesh was certainly weak.

NOTES

1. See, for example F.D. Maurice, On the Reformation of Society and how all Classes may contribute to it, London, 1851.

2. T. Hughes, E.V. Neale, A Manual for Co-operators prepared at the request of the Co-operative Congress held at Gloucester, 1879, 216.

3. See for example, C. Kingsley, Cheap Clothes and Nasty, London, 1850.

4. J.M. Ludlow, Christian Socialist, 1, 2.

5. See T. Christensen, The Origin and History of Christian Socialism, 1848-54, Aarhus, Universitetsforlaget, 1962, 136.

6. K. Marx and F. Engels, The Communist Manifesto, with an introduction by A.J.P. Taylor, Harmondsworth, Penguin, 1976, 108.

7. The Life of Frederick Denison Maurice, Chiefly told in his own Letters, 2 Vols., London, 1884, 2, 114.

8. This would not entail any elimination of the social divisions which existed between capitalists and labourers. Rather it would involve setting the relations between employer and employed on a different moral footing. 'Do not say, or think we feel, that the relation of employer and employed is not a true relation. I do not determine that wages may not be a righteous mode of expressing that relation. But at present it is clear that that relation is destroyed', quoted from C.E. Raven, Christian Socialism, 1848-54, London, Macmillan, 1920, 149-50.

9. See T. Christensen, The Origin and History of Christian Socialism, 1848-54, 296.

10. Life, 2, 115.

11. *ibid*, 137-8; as one commentator has put it, for Maurice, 'Association was not a principle to be implemented by party or program, but a divine fact or potentiality to be proclaimed', S. Pierson, Marxism and the Origins of British Socialism, the Struggle for a new consciousness, Cambridge University Press, 1973, 10.

12. Christian Socialist, 5 December 1852.

13. See T. Christensen, Christian Socialism, 349, my emphasis.

14. J. Saville, 'The Christian socialists of 1848' in J. Saville (ed.) Democracy and the Labour Movement, 147.

15. J.M. Ludlow, The Master Engineers and their Workmen, 1852, quoted from C.E. Raven, Christian Socialism, 248.

16. Ludlow believed the factory might become 'one living

body animated by one spirit of mutual goodwill and zeal', N.C. Masterman, John Malcolm Ludlow, The Building of Christian Socialism, Cambridge University Press, 1963, 42.

17. 'Socialism, for Ludlow, remained the socialism of the producer embodied in a democratic workshop', *ibid*, 117; for a discussion of the early history of producer associations see R.G. Garnett, Co-operation and Owenite Socialist Communities, 136-9.

18. This was where, for Ludlow, the limitations of consumer co-operation were most apparent. 'Consumer co-operation' would 'not resolve the conflict between employer and employed.' That required a moral revolution, an 'infusion of Christian values into the workplace in such a way as to influence the manner in which production was organised and conducted', quoted from T. Christensen, The Origin and History of Christian Socialism, 318.

19. C. Murray (ed.), John Ludlow, the Autobiography of a Christian Socialist, London, Cass and Co., 1981, 164.

20. This cannot be described as 'acquiescence in a basically capitalist system' even if producer associations had de facto to accommodate themselves to the cut and thrust of the competitive market. See S. Pollard, 'Nineteenth century co-operation: from community building to shop-keeping', in J. Saville and E.J. Hobsbawm (eds.), Essays in Labour History, 94.

21. See above.

22. G. Murray (ed.), Autobiography, 153. 'To begin with he (Ludlow) was more impressed by the ambitious plans for home colonies put forward by the English Chartists. Yet gradually Ludlow became more and more gripped by these Parisian workshops', N.C. Masterman, John Malcolm Ludlow, 88.

23. See Notes to the People, 2, 545. There are echoes here of S.T. Coleridge's Lay Sermons, see above. In this context it is interesting to note J. Saville's argument that the Christian socialists 'starting point was the philosophical conservatism of Coleridge', 'The Christian socialists of 1848', 136.

24. C. Murray (ed.), Autobiography, 263.

25. For biographical information on Lechevalier see C. Raven, Christian Socialism, 143-4 and Lechevalier's own Five Years in the Land of Refuge.

26. J.L. Lechevalier, Five Years in the Land of Refuge, The Prospects of Co-operative Associations in England, London, 1854, 19-20.

27. see below.

28. *ibid*, 26.

29. *ibid*, 70.

30. *ibid*, 30.

31. *ibid*, 38.

32. *ibid*, 25.

33. J.L. Lechevalier, 'Address of the Council of

Promoters of Working Men's Associations', 17 in Five Years.

34. J.L. Lechevalier, 'Outline of the General Executive of the Association Movement to be called the Anti-Competitive Agency, June 1850', 22 in Five Years.

35. J.L. Lechevalier, Five Years, 26, my emphasis.

36. J.M. Ludlow, 'Observations,' July, 1850, 7-8 in Five Years.

37. *ibid*, 7.

38. *ibid*, 8.

39. J.M. Ludlow attacked Lechevalier's scheme 'to organise a general market at equitable prices' as based 'mainly upon a fallacy, that of supposing that prices are not already based upon the cost of production, increased - wherever the seller is not the producer - by the expenses of management'. 'Memorial', 20 July 1850.

40. C. Murray (ed.), Autobiography, 186. 'The principle of making consumption subordinate to production is, I consider, essentially the right one', *ibid*, 208.

41. J. Saville, 'The Christian Socialists of 1848', 147.

42. *ibid*.

43. In this context B. Webb (Potter) was right to stress that, among other things, the Christian socialists 'overlooked the fundamental changes brought about by the industrial revolution increasing returns from the use of large capitals' and that they concerned themselves mainly with trades untransformed by the industrial revolution, The Co-operative Movement, 167-8. For an account of some of these producer associations, see C.E. Raven, Christian Socialism, 194-208.

44. E. Jones, 'A Letter to the Advocates of the Co-operative Principle', Notes to the People, 1, 1851, 27-31.

45. Thus C.E. Raven has written of one association, the Pimlico Working Builders, that 'sometimes their methods seemed rather directed towards the benefit of their own number than to the wider ideals of brotherhood', Christian Socialism, 208.

46. E.V. Neale, Labour and Capital: A Lecture delivered by request of the Society for Promoting Working Men's Associations at Marylebone Library and Scientific Institution, 29 March 1852, 20-1.

47. 'Abstract from the Report of a Meeting for the Establishment of the Central Co-operative Agency', May, 1851, 10 in Five Years; 'Address of the Council of Promoters of Working Men's Associations', 17 in *ibid*.

48. Quoted from T. Christensen, The Origin and History of Christian Socialism, 311.

49. 'Abstract', 16.

50. T. Hughes, E.V. Neale, A Manual for Co-operators, 216.

51. P. Backstrom, Christian Socialism and Co-operation in Victorian England: Edward Vansittart Neale and the

Co-operative Movement, Beckenham, Croom Helm, 1974, 182-3; see, for example, Neale's Presidential Address to the 1888 Co-operative Congress at Dewsbury where he condemned the wage system as the 'direct outcome of a competitive struggle whose evils it is the express object of co-production to correct', my emphasis.

52. For an account of the evolution of the nineteenth century co-operative movement see S. Pollard, 'Nineteenth century co-operation; from community building to shop-keeping', in J. Saville and A. Briggs (eds.), Essays in Labour History, 74-112.

53. Quoted from P. Backstrom, Christian Socialism, 183.

54. E.V. Neale, 'The co-operative movement', Notes to the People, 1, 1851, 472.

55. *ibid*, 476.

56. *ibid*, 2, 1851, 564.

57. *ibid*, 565.

58. *ibid*; on this point see too P. Backstrom, Christian Socialism, 63, who sees Neale as believing that 'Co-operators should not at first depart at all from the economic arrangements familiar to the world of competition. They should adhere to the prices fixed in the open market.'

59. E.V. Neale, Letter 63 in Five Years.

60. P. Backstrom, Christian Socialism, 46.

61. Thus in a paper entitled 'The State, Prospects and Objects of Co-operation' read by Neale at the Second Co-operative Congress, 1870, he complained that, 'the noble idea of regenerating society...by an effort springing from united exertions of those it consigns to the lower room, has given way to the idea of obtaining good articles at the cheapest possible price.'

62. E.V. Neale, 'Memoir relating to the Position and Prospects of the Associations for the Consideration of the Promoters and Associates', 10 October 1850; 'Scheme for the Formation of Working Associations into a General Union', March 1851. For a discussion of these documents see T. Christensen, Origins and History of Christian Socialism, 173-5.

63. Notes to the People, 1, 1851, 471.

64. Backstrom sees Neale as having 'anticipated some of the basic elements in the modern concepts of industrial rationalisation and national planning', Christian Socialism, 112.

65. W.R. Greg, 'English socialism and communistic associations', Edinburgh Review, 93, 1851, 22.

66. C.E. Raven, Christian Socialism, 325.

67. P. Backstrom, Christian Socialism, 3.

Chapter 8

Mid-Century Market Socialism: Aristarchus and M. Justitia

It would be wrong to see writers such as Hole, Ludlow and Neale as wholeheartedly embracing the market. Yet there is in their work a tendency to accommodate it, at least in the short run or medium term, within their conception of the economic organisation of decentralised socialism. There were, however, in the mid-century period, a small number of writers whose decentralised socialism involved a more complete acceptance of the market and a more determined effort to make communitarian socialism more responsive to market imperatives. Two of these writers are worthy of note. The first, writing under the pseudonym of Aristarchus penned a work entitled *Internal Free Trade and Capitalists' Trades' Unions*, which was published in 1842 while the second, under the nom de plume of M. Justitia (John Frearson) published *The Relative Rights and Interests of the Employer and Employed* in 1855.

There is little to distinguish Aristarchus' critique of existing economic arrangements from that of any Owenite socialist. He saw market competition as forcing down wages, mechanisation as increasing the material prosperity solely of capitalists and those on fixed incomes and this skewed distribution of wealth as causing underconsumption and thence economic crisis. Also, in typically Owenite fashion he emphasised the erosion of moral values resulting from market-oriented activity, in particular that of buying cheap and selling dear. In so far as his critique of capitalism and the market is distinguishable from that of the Owenites, it is with respect to his stress upon the concentration of wealth and power which market competition had produced. Thus in a manner which anticipates late nineteenth century socialism he wrote of the 'large fortunes (which) have been augmenting all the time

during which the small ones have been decreasing'; a 'process' which he believed would 'go on until there will be one great mass of paupers, and a small class of millionaires and their parasites.'¹ Thus Aristarchus saw in the logic of market competition its eventual monopolistic destruction.

However, what did distinguish the work of Aristarchus was not so much his critique of what existed as his antidote to contemporary economic ills. Like the Owenites he looked to the community as the basis of Man's economic and social salvation. Like the Owenites too he believed that this community should be largely self-sufficient in food which 'would be raised from the estate by the agricultural, horticultural and pastoral labour belonging to the association.' Such 'produce should be warehoused in large buildings for the purpose from whence supplies should be taken as wanted by the associative population.'² Yet autarky was not the objective. These associations were not conceived as enclaves insulated from market pressures, for such communities as Aristarchus saw it, sacrificed the productivity gains which were to be derived from a rational division of labour. As he wrote, 'Robert Owen and his friends intend communities to be independent and self-supporting and all the various trades are to be carried on in each establishment 'losing by this arrangement the advantages attendant on the extensive division of labour.' He also attacked the idea that specialisation could be avoided within communities by labour moving from one task to another. Thus he wrote of Fourier that he was 'ignorant of the difficulty of learning various trades' and argued that 'his notion of rational voluntary change of labour cannot be economically practised.'³

In contrast to Owen, Aristarchus' idea was that each community would specialise in the production of a particular commodity. As he wrote 'one peculiar manufacture would be carried on in it, according to the custom or suitability of locality' and these associations would 'interchange' produce with each other and with the rest of society.⁴ What Aristarchus had in mind, therefore, was a system of 'Interchanging Joint Stock Companies of One Trade Each'⁵ where, with the exception of agricultural produce, the market would play a vital role as far as the pricing of commodities and the distribution of wealth was concerned. There was, therefore, to be no question of regulating the value of commodities through some societal assessment

of their labour value but rather, 'As to goods sold in the external market, the profit would be fixed by the competition of the general business in the articles,'⁶ i.e. the market would be left to determine the value of commodities and in so doing regulate the profits which accrued to individual associations or communities.

Further the reward accruing to labour within associations would similarly be determined by competitive market forces. 'Remuneration should be apportioned to the skill of each operative in his particular function; and *the precise value of his services would be determined by the amount they would fetch in the general competition of the nation.*'⁷ Market exchange would also exist within associations. Goods would not be distributed as in Owenite communities on the basis of perceived need, but would be sold. Thus 'On all the articles furnished to the members a profit of 20, 25 or 30 per cent should be realised.'⁸

The question does arise as to whether Aristarchus, in his efforts to accommodate the market did not stray beyond the limits of the socialist fold. Certainly he did not seek the immediate elimination of the capitalist. Indeed capitalists were to be encouraged to participate by way of investment in these associations by persuading them that 'their money would be safer under the proposed system than the existing one.'⁹ Robert Owen himself, of course, was not averse to encouraging the rich to patronise his schemes but the more important point to make with respect to Aristarchus is that he believed the function of the capitalist as investor would soon be replaced by the members of the association who, participating in the community's profits, would rapidly acquire the desire and the capacity to invest in that of which they were a part. This would ultimately spell the demise of the capitalist as rentier.

Although Aristarchus stressed that what he looked to was 'a community of profits' rather than a 'community of property',¹⁰ it would nevertheless seem legitimate to give him a small niche in any history of socialist economic thought in Britain. This is particularly deserved as he was one of few writers who sought to come to terms with the market and specialisation and accommodate both in an economically decentralised socialism. The pamphlet he wrote was short and his ideas never fully developed. Yet on the prescriptive side it does represent a thread in that thin strand of nineteenth

century socialist thinking which may be labelled the political economy of market socialism.

While the specialisation of Aristarchus' associations required their participation in a market economy, their self-sufficiency in food did provide them with a measure of insulation against the vagaries of market forces. For Frearson, however, there was no such reservation in his acceptance of the market and market competition. Competition he saw as an inescapable fact of economic life. 'With respect to competition', he wrote, 'however we may change its form, or refine society, the principle will remain.'¹¹ So, for those who sought to transform society and ameliorate the material condition of the labouring-classes the aim should be not to abolish competition but to remove its 'excesses' and to render it 'equitable'.¹²

For Frearson the immiserising 'excesses' of competition stemmed from monopoly, in particular, 'the monopolies of land, wealth and power'.¹³ It was this which prevented 'an equitable competition.' To counter this it would be necessary, therefore, to establish 'equitable joint stock companies'¹⁴ run by those who worked for them. These companies would end the exploitative monopsonistic position of existing capitalists¹⁵ in the labour market by competing themselves for labour's services and in so doing they would ensure that workers received their true market value.

Labour once it was part of such a joint stock company would pay for the use of the equipment which the company provided and purchase from it 'the food clothing, and everything necessary for the(ir) comfort'.¹⁶ Profits would be distributed according to the workers share in the company and labourers would, for the most part, be in the position of 'working shareholders'.¹⁷ However, along with the 'working' Frearson envisaged a role for 'non-working shareholders' who would likewise receive a return governed by the magnitude of their investment.

An economic system based on such companies, Frearson believed, would have all the advantages of competition and co-operation. Labour could no longer be coerced by those who monopolised land and capital, to accept a price for its services below that which was just and equitable. Through the medium of these socialised joint stock companies the worker would be in possession of both capital and labour and this would ensure he remained the beneficiary rather than the victim of competition. Nor when purchasing commodities would he be prey any

longer to 'the rich merchant (who)...buys cheap from the producer and sells dear to the consumer.'¹⁸ So the labourer would become 'self dependent' giving 'an equivalent in value' but only an 'equivalent' for every advantage received.¹⁹ There would, therefore, be an 'equitable adjustment of the relative rights and interests of classes without the slightest sacrifice of either principle or property'²⁰ and with it an elimination of the 'excesses' of competition which had previously produced impoverishment and social antagonism.

What Frearson looked to was a refurbished market economy where socialised joint stock companies would be the primary unit of production and where labour would receive its full value. He does not spell out in any great detail the manner in which such companies were to be organised and run, though in contrast to Aristarchus' associations there is an absence of any allusion to democratic control. Nor does Frearson discuss at any length the ultimate fate of rentier capitalists (non-working shareholders) though it might be assumed that their importance would diminish as the prosperity of the labouring-classes increased. Again, therefore, as with Aristarchus, what we have is a tentative sketch of a decentralised socialism in which the market plays a fundamental part - a small contribution to the political economy of market socialism.

NOTES

1. Aristarchus, Internal Free Trade and Capitalists Trades' Unions, London, 1842, 6.

2. *ibid*, 7-8

3. *ibid*, 11.

4. *ibid*, 7-8.

5. *ibid*, 10.

6. *ibid*, 9.

7. *ibid*, my emphasis.

8. *ibid*.

9. *ibid*, 11.

10. *ibid*, 14.

11. M. Justitia (J. Frearson), The Relative Rights and Interests of the Employer and Employed, London, 1855, 3.

12. 'An equitable competition is natural and will be useful', *ibid* 3; 'It is true that there are great evils attributable to the practice of competition; but are not all these evils the result of excess', *ibid*, 47.

13. *ibid*, 16.

14. *ibid*, 34.

15. Frearson seems to have had particularly in mind 'the rich merchant' who had 'both producer and consumer under almost absolute control...He buys cheap from the producer and sells dear to the consumer', *ibid*, 110.

16. *ibid*, 39-40.

17. *ibid*, 76.

18. *ibid*, 110.

19. *ibid*, 112.

20. *ibid*, 115.

Chapter 9

John Ruskin and the Moralisation of the Market

While the publication of four essays on 'Political Economy' in the *Cornhill Magazine* in 1860 marked Ruskin's first explicit foray into that field, they neither represent his first consideration of social and economic questions nor do they mark a new departure in terms of Ruskin's intellectual development. Given his conception of the roots of art, his concern with its revitalisation had necessarily led him earlier, in his discussions of fine art and architecture, to consider the socio-economic causes of those moral and spiritual failings which had corrupted artistic expression in mid-Victorian society. Nevertheless, the *Cornhill* essays do mark a turning point in his career. For, thereafter, he devoted the greater part of his considerable literary energy and skills to combating the fallacies, the narrowness of vision, the distortions, the corrupted weltanschauung of the 'Professors of the Dismal Science.'

The essays on 'Political Economy' were published as *Unto this Last* in 1862, while four further essays in *Fraser's Magazine* in 1862 appeared as *Munera Pulveris* in 1872. These two works together with *The Crown of Wild Olive*, 1866, *Time and Tide by Weare and Tyne*, 1867 and *Fors Clavigera*, 1871-77 contain the substance of Ruskinian political economy and it is by reference to these works, primarily, that Ruskin's position on the market will be discussed.¹

The key to Ruskin's attitude to the market and commercial society in general may be found in his discussion of the concept of value; a discussion which looms large in both *Unto this Last* and *Munera Pulveris*. In the former work Ruskin took to task those classical writers, in particular Ricardo, who advanced a labour embodied theory of exchange value.

What such an explanation of value abstracted from, he argued was the crucially important consideration of the utility of goods to consumers. For, it was only where this could be assumed 'constant', only 'when demand is constant' that 'price varie(d) as the quantity of labour required for production.'²

Ruskin was to develop this insight more fully in *Munera Pulveris*. Here he began his discussion of what determined value by establishing the 'cost' of anything as 'the quantity of labour necessary to obtain it.'³ Thus 'The cost and value of things, however difficult to determine accurately', were 'both dependent on ascertainable physical circumstances',⁴ namely the labour time involved in their production. Cost and value were, therefore, used interchangeably and both were defined in labour embodied terms. Ruskin went on, however, to distinguish 'value' from 'price', the former being determined by labour time but the latter 'dependent on the human will',⁵ i.e. the individual decision as to whether or not to purchase. 'Farther', he argued, 'The power of choice is also a relative one. It depends not merely on our own estimate of the thing, but on everybody else's estimate; therefore on the number and force of the will of the concurrent buyers, and on the existing quantity of the thing in proportion to that number and force. Hence the price of anything depends on four variables. (1) Its cost. (2) Its attainable quantity at that cost. (3) The number and power of the persons who want it. (4) The estimate they have formed of its desirableness. Its value only affects its price so far as it is contemplated in this estimate; perhaps, therefore, not at all.'⁶ Thus Ruskin, anticipating in some respects the Jevonian revolution arrived at the conclusion that the market price of commodities must be determined by the forces of supply and demand. Only 'if demand is constant' would 'the relative price of things (be) as their costs, or as the quantities of labour involved in production';⁷ only where demand was fixed was the labour theory of value applicable.

However, Ruskin did not rest content with such a circumscribed application of the concept of value but sought, initially through a discussion of its etymological roots to establish a definition which transcended the narrowly materialistic understanding of the term as it was conventionally employed in economic discourse. For Ruskin value was, or should be understood as something 'independent of opinion and quantity';⁸ something which could not simply be

established by the relative strength of the forces of demand and supply. 'Value derived from the latin *valor*' which in turn came 'from *valere*, to be well or strong...; strong, *in* life (if a man), or valiant; strong, *for* life (if a thing), or valuable. To be 'valuable', therefore, is to 'avail towards life'. A truly valuable or availing thing is that which leads to life with its whole strength. In proportion as it does lead to life, or as its strength is broken, it is less valuable; in proportion as it leads away from life, it is unvaluable or malignant.'⁹

Whether a good or service did 'lead to life', whether, therefore, it represented wealth or its opposite 'illth' depended on factors other than those which in a market economy determined its exchangeable value. It also depended on the nature of the labour which production demanded and, most importantly, it depended upon the acceptant capacity of those to whom goods were distributed. Thus for Ruskin in *Munera Pulveris*, each product had an 'intrinsic value' which was its 'absolute power... to support life.'¹⁰ Thus 'A sheaf of wheat of given quality and weight has in it a measureable power of sustaining the substance of the body; a cubic foot of pure air, a fixed power of sustaining its warmth; and a cluster of flowers of given beauty a fixed power of enlivening or animating the senses and heart.'¹¹ Whether this 'intrinsic value' was transmuted into 'effectual value', however, depended upon the capacity of those who possessed it to use it properly.¹² In the absence of this capacity there was 'no effectual value; that is to say, no wealth.'¹³ 'Effectual value' depended, therefore, upon how goods were distributed within a community.¹⁴ Thus because such value depended 'on a degree of vital power in the possessor', wealth, if it were to be maximised, would have to be distributed in a discriminate fashion. 'Distribution', Ruskin wrote, 'is distribution not absolute but discriminate; not of every thing to every man but of the right thing to the right man.'¹⁵ The indiscriminate distribution of goods would result in effectual value or wealth running to waste.¹⁶

Further, when goods were true wealth, whether they led to life depended upon the conditions of existence which their production imposed upon the workforce which produced them. It was here, in the nature of work and the conditions it imposed, that the worst consequences of the corrupt nature of a calculating, commercial civilisation manifested

themselves. For, the contemporary nature of market demand was such as to condemn many to that de-humanising attenuation of abilities and intellectual faculties which resulted from repetitive, mechanical specialised productive activity. As early as 1849, in the *Seven Lamps of Architecture* Ruskin had written that it was 'not enough to find absolute subsistence; we should think of the manner of life which our demands necessitate.'¹⁷ In *Unto this Last* he had exhorted his readers 'in all buying' to 'consider first what condition of existence you cause in the producers of what you buy',¹⁸ while in *Sesame and Lilies* he wrote that 'The consumers of the products of labour must exercise care in the pains they put on those on whom their comfort rests.'¹⁹ Demand was not something the consequences of which were confined to the market and the determination of exchange value in the marketplace. To consume was to place upon others the responsibility of supplying; it was to impose upon others particular conditions of labour and thence a particular way of life.²⁰ Under existing commercial arrangements with market price as the sole indicator of value and worth this had meant that such humanistic considerations had been displaced by a concern with satisfying the consumer at the cheapest price possible. As Ruskin wrote in *The Stones of Venice*, while 'it is a good and desirable thing, truly, to make many pins in a day...if we could only see with what crystal sand their points were polished - sand of human soul - we should think there might be some loss in it also...we blanch cotton, and strengthen steel, and refine sugar, and shape pottery; but to brighten, to strengthen, to refine, or to form a single living spirit, never enters into our estimate of advantages,'²¹ and, for Ruskin, these things failed to enter into estimates of advantages because they failed, under existing arrangements, to enter into market price. Thus, the consumer could demand what goods he pleased at a price which did not reflect the social economies or diseconomies of the goods he demanded.

To summarise, whether goods were or were not effectually valuable, whether their production represented an addition or otherwise to national wealth, was a function of their 'intrinsic value' (the nature of the goods themselves) the social and personal economies and diseconomies of their supply and the attributes and sensibilities of those to whom they were distributed. It was by reference

to these things that the real value of goods and services could be estimated, rather than by reference simply to the exchange value bestowed upon them by the adventitious forces of supply and demand. As Ruskin wrote in *Unto this Last*, 'What anything is worth or not worth it (the market) cannot tell you; all that it can tell is the exchange value. What Judas in the present state of supply and demand can get for the article he has to sell.'²²

In any case the competitive market economy, as it functioned in mid-Victorian Britain, established prices which were very far from being the natural outcome of market forces. Thus the whole rationale of market-oriented activity was to buy cheap and sell dear and this involved 'keeping the exchangers ignorant of the exchange value of...articles; and...taking advantage of the buyers need and sellers poverty.'²³ In effect the narrowly self-interested attitudes which the market encouraged inevitably produced a manipulation of prices for personal gain.²⁴ This precluded or obstructed the operation of those natural value-determining factors which Ruskin had elucidated in *Munera Pulveris*. In the hands of competitive traders, therefore, value became something malleable; something which altered continually in relation to the need and power of market participants. In this context, given the fluctuating, indeterminate nature of value, economic activity became a species of gambling which bestowed rewards not according to 'sagacity and industry' but according to 'good luck in a scramble or lottery.'²⁵ It was this which, for Ruskin, accounted for the 'fury of modern trade' which arose 'chiefly out of the possibility of making sudden fortunes by largeness of transaction, and accidents of discovery or contrivance.'²⁶

This manipulation of value by those who wielded power in a competitive market economy violated the principles of distributive and commutative justice. The exchange of goods and services failed to involve the exchange of equal values and commercial activity degenerated into a species of 'occult theft.'²⁷ Market exchange under existing arrangements was therefore seen by Ruskin as the source of 'one of the essential, and quite the most fatal forms of usury.'²⁸ Thus not only did market price fail to embody any notion of 'intrinsic value', not only did it fail to take account of the 'conditions of existence' which the manufacture of goods entailed, it was also an inaccurate measure of the utility

and cost of production of commodities. Market prices were not in fact the outcome of the operation of untrammelled market forces they were the product of the exploitative manipulation of value by those possessed of economic powers.

If then the market had so signally failed to convey an accurate idea of value or worth how was this to be done? For Ruskin, the whole process of valuation should involve a rational determination of intrinsic worth, a rational assessment of that discriminate distribution which would maximise 'effectual value' and an ethical judgement as to what values would ensure that commutative and distributive justice was done. Ruskin looked to imbue the determination of prices with a rational and ethical dimension not encompassed by market forces. As he wrote in *Fors Clavigera*, he sought 'a market regulated by order and reason, instead of demand and supply'; while in *Unto this Last* he stressed that the value of a good should not be detached from 'the moral sign attached to it',²⁹ something which consistently happened in the market.³⁰ Rationality and morality had to be put back into the determination of values.

For Ruskin this was to be done with the help of four intermediaries; the state, the benevolently paternal master, the chivalrous merchant and the guild. Thus he considered it beneficial for the state to participate directly in the economic life of the nation. 'There should', he argued 'be established...entirely under government regulation manufactories and workshops for the production and sale of every necessary of life, and for the exercise of every useful art.'³¹ The object of these establishments was not to supplant private enterprise nor would the state set 'any restraints or tax on private trade' and individual producers would be left free to 'beat the Government if they could.' However, at these government manufactories and shops there would 'be authoritatively good and exemplary work done, and pure and true substance sold; so that a man could be sure, if he chose to pay the government price, that he got for his money bread that was bread, ale that was ale and work that was work.'³² Thus the object was to set a standard of work and establish a level of prices which individual private producers would have to match or suffer the economic consequences. In this way the state would control the process of price formation to the extent of ensuring that just prices prevailed. The state would, in effect, use its

economic power to moralise the market.³³

For Ruskin the role played by the 'good master' in moralising the market was also fundamental. In the context of a competitive market economy the relationship between master and man, employer and employed, was necessarily antagonistic. Where a 'workman' was employed 'at a rate of wages variable according to the demand for labour, and with a risk of being at any time thrown out of his situation by chances of trade...no action of the affections can take place...but only an explosive action of disaffections.'³⁴ Ruskin rejected therefore, the competitive, market determination of wages, the 'bestial idiotism of the modern theory that wages are to be measured by competition.'³⁵ Labour was not something to be bought and sold like any other commodity; its price should not be the outcome of antagonism and conflict. Rather than allowing wages to be determined by competitive pressures 'just wages' should be fixed and paid 'irrespectively of the demand for labour';³⁶ such wages consisting 'in a sum of money which will at any time procure...at least as much labour as...has (been) given.'³⁷ Ruskin admitted that to establish exactly what constituted a just wage was difficult but he believed nonetheless that 'by analytical investigation' a practically serviceable approximation would be forthcoming.³⁸ This 'just wage' should then be made to prevail over the level of wages, fluctuating about subsistence level, which characterised the competitive labour market.³⁹ Failing this harmonious social relations would be impossible, labour would be impoverished and the strongest motive to production - affection - would be absent.

For Ruskin the ideal relationship between master and man was not mediated by cash payment or money price and was not bedevilled, therefore, by materialistic considerations.⁴⁰ In so far as labourers worked for pay only 'they are all slaves, abject utterly while they would become abject less and less in proportion to the degrees of love and of wisdom which enter into their duty or can enter into it according as their function is to do the bidding and the work of a manly people.'⁴¹ It was just such a relationship between master and man that Ruskin sought to foster, one characterised by 'love and wisdom' rather than the hope of pecuniary gain.⁴² Where it existed a just price for labour would prevail.

For Ruskin it was also the duty of the good master to assume some responsibility for the

discriminate distribution of wealth; a responsibility which involved 'the collection of the profits of labour from those who would have misused them, and the administration of those profits for the service either of the same persons in the future or of others.' This would be in contrast to the existing conduct of employers which involved 'the collection of the profits of labour from those who would have rightly used them, and their appropriation to the service of the collector himself.'⁴³ Benevolent masters would, therefore, determine 'when...how and to whom' wealth might best and most justly be distributed.'⁴⁴ They would, in effect, perform the kinds of distributive function previously fulfilled by the market.

In addition the good master would also make allocative decisions determining what to produce by reference both to a good's social utility and the conditions which its production imposed upon the labourer. Thus it was 'not enough to give (the) labourer) employment. You must employ him first to produce useful things; secondly, of the several (suppose equally useful) things he can equally well produce, you must set him to make that which will cause him to lead the healthiest life.'⁴⁵

A similarly prominent role was to be played by the chivalrous merchant⁴⁶ in the moralisation and rationalisation of the market. Thus Ruskin looked to the metamorphosis of a merchant class from one concerned solely with the acquisition of profit by means of buying cheap and selling dear to one whose economic conduct was governed by a moral sense; one which would see its primary role as the dispensation and guarantee of distributive and commutative justice rather than the egotistical pursuit of gain. The chivalrous merchant was, therefore, to be a key figure in the moralisation of the market. He would create 'a kind of commerce which is not exclusively selfish'; a 'true commerce' where the merchant would accept that it was 'no more his function to get profit for himself...than it is a clergyman's function to get his stipend.'⁴⁷ Thus the merchant would see it as his primary duty 'to provide' for the community at any cost even if 'it (was) necessary to admit the idea of occasional voluntary loss.'⁴⁸ He would cease to cheat, deceive and gamble and would ensure rather that commodities exchanged in the purest form and at the cheapest price. Indeed, 'rather than fail in any engagement or consent to any deterioration, adulteration, or unjust and exorbitant price of that which he

provides' he would 'meet fearlessly any form of distress, poverty and labour, which may through maintenance of these points come upon him.'⁴⁹ Such a moral revolution would transform the market. It would cease to be a forum for the expression of economic self-interest; within it economic conduct would no longer be motivated by the desire for pecuniary gain. Instead the chivalrous merchant would ensure that, once established, just prices prevailed. What Ruskin sought was the moralisation of the values it transmitted and what he argued in *Unto this Last* was that such a moralisation was dependent upon a general acceptance that ethics not expediency should govern economic behaviour. As he wrote in *Munera Pulveris*, the only final check upon it (the usury of buying cheap and selling dear) must be the radical purifying of the national character.'⁵⁰

Finally there was the role to be played by the guilds in the moralisation of economic life. This was discussed most fully in *Time and Tide by Weare and Tyne* in which Ruskin gave them the responsibility of fixing 'annually', 'the prices of goods throughout the kingdom' which guilds had 'warranted' as being of a particular standard and also of determining 'producing workmen's wages so as to define the master's profits within limits, admitting only such variations as the nature of the given article of sale rendered inevitable.'⁵¹ Thus the guilds would assume the functions of pricing and distribution as regards the production of 'standard' or warranted⁵² articles and do so in such a way as to ensure justice for both consumer and producer thereby eliminating the 'occult and polite' methods of 'theft' which characterised commercial society.⁵³ Thus these guilds would moralise by example in much the same way as the 'exemplary' 'manufactories and workshops' of the state.

On what basis then would merchants, masters, the state and guilds determine the justice of prices and the optimum allocation of resources; on what basis would economic calculation proceed within the moral economy that Ruskin envisaged? Here Ruskin is either naive in the answers he provided or altogether unforthcoming. As regards allocative decisions it may be presumed that Ruskin expected these to proceed by reference to 'intrinsic worth', 'acceptant capacity' and social cost. Yet when he did confront the question of allocation directly he tended to use a common sense, rule of thumb formula which would have been familiar to any Owenite

communitarian. Thus he argued that 'you can never...be wrong in employing any labourer to produce food, house-room, clothes and fuel' whereas 'you are generally wrong, at present, if you employ him...to produce works of art or luxuries.'⁵⁴ Labour should be directed, therefore, 'to bring in fresh ground, and increase facilities of carriage; - to break rock, exchange earth, drain the moist and water the dry, to mend roads and build harbours of refuge.'⁵⁵ Thus what Ruskin provided was not a basis for calculating the optimum allocation of resource but a subjective, intuitively derived appreciation of what was useful to the community and what was not and, almost inevitably, as it did with Owenite communitarians, this led him in an agrarian direction.⁵⁶ So food, furnishing as it did the very basis of life, had obviously to have priority when it came to allocating productive factors. Indeed Ruskin had an almost physiocratic conception of the importance of agriculture writing of the income of the rich set aside for the employment of the poor as 'being indeed the quantity of food their land produces, *by which all art and all manufacture must be supported.*' Consistent with this was his advocacy of a fund 'to increase the buying and securing of land in England...cultivated by Englishmen with their own hands and such help of force as they can find in wind and wave',⁵⁷ something which eventually bore fruit in the Guild of St. George and a farm run on co-operative lines. The moral economy of his feudalistic socialism would therefore have been considerably more agrarian in character than the economy of mid-Victorian Britain. Thus he wrote in *Fors Clavigera* that 'the main proposal...in this book is that you (working-classes) should so economize till you can...become diminutive squires'⁵⁸ and when in *Munera Pulveris* he came to list the 'valuable material things' available to mankind, 'Land, with its associated air, water and organisms' headed the list.⁵⁹ In this context too it is interesting to note that Ruskin believed 'the high ethical training of the nation' was 'irreconcilably inconsistent with filthy or mechanical employments.'⁶⁰

In the final analysis, however, Ruskin saw the problem of allocation as having a moral solution. As he wrote in *Unto this Last*, 'the organisation of labour is only casually touched upon; because, if we once can get a sufficient quantity of honesty in our captains (of industry), the organisation of labour is easy and will develop itself without quarrel or difficulty: but if we cannot get honesty

in our captains, the organisation of industry is for evermore impossible.⁶¹ Once a 'chivalrous' or moral attitude had been instilled into those who held the reins of economic power, the manufacturers and the merchants, the question of how best to allocate resources and organise productive activity would be answered simultaneously.

Even less satisfactory was Ruskin's discussion of the basis upon which the just prices necessary for the functioning of his moral economy were to be determined. Thus while recognising the importance of demand in determining prices and its variability in altering them, in a market economy, Ruskin still sought a standard which would yield values impervious to change. After all, the 'intrinsic value' of a good did not alter even if its 'effectual value' varied with the capacity of its possessor to use it. Ruskin accepted that establishing the 'intrinsic worth of something was a difficult task but that it had such a fixed, invariable value was beyond question. Of labour he wrote, 'The worth of work may not be easily known; but it has worth just as fixed and real as the specific gravity of a substance, though such specific gravity may not be easily ascertained when that substance is united with many others.'⁶²

What Ruskin really sought was a means of estimating worth which transcended a narrow materialistic approach to the question of valuation. He wrote, for example, of the flood-damaged paintings of Tintoretto that they had in them 'the intrinsic and eternal nature of wealth';⁶³ they had in them a beauty, an aesthetic quality, which gave them a value which could not be discerned by a mere supply and demand economist. It was the case, therefore, that modern supply and demand economics was 'equally helpless to define the nature of intrinsic value...in any other national produce requiring true human ingenuity.'⁶⁴ Here worth or value becomes something which can only be determined by those, e.g. Ruskin, with the requisite aesthetic sense and powers of discrimination. In this way Ruskin sought to emphasise the multifaceted nature of the concept of value, with its aesthetic and moral dimensions and escape both from the circumscribed nature of the term as deployed by political economists⁶⁵ and from the limited range of factors which operated to determine exchange value in the market. In effect value, for Ruskin, became something upon which artists, moral philosophers and social philosophers were competent, indeed most

competent, to pronounce. It was the failure to recognise this which, for Ruskin, vitiated 'Modern Liberalism', 'the follies of (which)...are practically summed up in this denial and neglect of the quality and intrinsic value of things.'⁶⁶

Ruskin failed, of course, to provide any answer to the questions as to how exactly the 'fixed', the 'real', the 'intrinsic' or the 'specific' value of things could be identified and, in so far as Ruskin did tackle the problem of price determination in a narrowly materialist fashion, his attempt ran along depressingly well-worn lines, the deficiencies of which Ruskin had himself, initially, perceptively discussed. Thus he wrote that, 'A man's labour for a day is a better standard of value than a measure of any produce because no produce ever maintained a consistent rate of productivity.'⁶⁷ On the assumption, therefore, that the productivity of labour remained constant, labour time would provide an immutable standard in terms of which the exchange value of goods might be determined. Given the 'quality and kind of labour', labour time would represent an 'invariable' standard which would accurately convey a sense of a goods economic value. Once again, therefore, the labour theory of value proved operationally and fatally attractive to a thinker bent on abandoning the competitive market determination of prices.⁶⁸

Though there is little that is original there is much that is of intrinsic worth on the critical side of Ruskinian political economy. His neo-Jevonian attack upon the Ricardian labour theory of value was anticipated by many nineteenth century economic writers and his critique of the limited range of considerations and forces which played a role in the market determination of price simply paralleled, in many respects, sentiments which had been already articulated by both the moral economists and the Owenites.⁶⁹ Even his stress upon the need for a moral attitude to the consequences of different types of consumption can be found in the work of earlier writers such as Charles Hall. Yet if there is little new under this aspect of the Ruskinian sun, Ruskin so fused the elements of his critical thought as to cast a significant shadow over the depressingly flat intellectual landscape occupied by classical political economy in the 1860s. Thus while a writer like E.V. Neale, in the relatively prosperous conditions which prevailed in mid-Victorian Britain, was prepared to make his peace with the market and commercial civilisation,

Ruskin refused to accept that such prosperity compensated for the dehumanisation, the demoralisation and the philistinism⁷⁰ which obeisance to the market had engendered.⁷¹ Exchange value and the accumulation of exchange values said little about the quality of human existence. In leaving out of account the moral, the aesthetic and the social, market-determined exchange values abstracted from all that was of real consequence or worth to humanity; an accumulation of material wealth, a rise in money wages was no grounds for the optimism which pervaded supply and demand economics and no compensation for the loss of man's soul. If saying this was not new, saying it when he did and how he did, nonetheless make a profound impression upon subsequent generations of socialist thinkers and activists.

On the constructive side Ruskin had nothing to substitute for the market to which he had such a visceral antipathy. Certainly he offered little which had not previously been advanced by the moral economists, the Owenites and Christian socialist writers like Maurice and Ludlow. While one can sympathise, therefore, with Ruskin's view that economic activity should not be concerned solely with narrowly defined materialistic objectives, he was still guilty of failing to discuss satisfactorily how, at a crudely materialistic level, his feudally paternalistic socialism would function.⁷² He may have pointed in the direction of a social economics, as J. A. Hobson argued, but it was a gesture of intent rather than a task seriously undertaken.⁷³ In the end his search for the Holy Grail of intrinsic worth, his desire for order and stability, his concern for the organic unity of society, his rejection of the philistinism, immorality, social division and dehumanisation of a commercial civilisation led him, as it had most of the previous two generations of socialist writers into the rustic wilderness, 'where field may add itself to field, cottage rise after cottage...here and there the sky begin to open again above us and the rivers to run pure...girls taught to cook and boys to plough.' Thus his one, major, practical experiment in the amelioration of social conditions, the Guild of St. George, had as its object 'to buy land in England: and thereon to train into the healthiest and most refined life possible as many Englishmen, Englishwomen and English children, as the land we possess can maintain in comfort.' Here indeed was 'a conflict free sphere', insulated from

the pernicious influences of a competitive market economy where a stable, heirarchic, pastorally rooted society could be ordered in a manner consistent with Ruskin's paternalistic fantasies and aspirations. Psychologically and in the sphere of practical policies, therefore, Ruskin ultimately sought respite from the evils of the real world by retreating from it. He looked forward to a new Eden, an 'epoch of rest' after the uncertainties, complexities and angst engendered by a commercial world where an acquisitive materialism destroyed man, nature and morality. Under the pen of Ruskin such a vision had a compelling appeal, as is evidenced by the indelible imprint which it left upon no less a thinker than William Morris. It was nonetheless a vision which was, in its constructive aspect, fundamentally flawed.

NOTES

1. For biographical information on Ruskin see P. Quennell, John Ruskin; the portrait of a prophet, London, Dent, 1982.
2. J. Ruskin, Unto this Last, Four essays on the principles of political economy, P.M. Yarker (ed.), London, Collins, 1970, 87n.
3. J. Ruskin, Munera Pulveris, six essays on the elements of political economy, Orpington, Allen, 1886, 59; the 'quantity of labour' being understood in terms of labour time, *ibid*, 60.
4. *ibid*, 61.
5. *ibid*, 62.
6. *ibid*, 64-5.
7. *ibid*, 67.
8. Unto this Last, 88.
9. *ibid*.
10. Munera Pulveris, 11-12.
11. *ibid*, 12.
12. 'The production of effectual value, therefore, always involves two needs; first, the production of a thing essentially useful; then the production of the capacity to use it', *ibid*, 12.
13. *ibid*, 13.
14. 'the first of all inquiries respecting the wealth of any nation is not how much it has; but whether it is in a form that can be used and in the possession of persons who can use it', *ibid*, 23n-24n.
15. Unto this Last, 91.
16. When extended to the means of production, for example land, such a doctrine could, and for Ruskin did, have radical implications.

17. J. Ruskin, Seven Lamps of Architecture, in E.T. Cook and A. Wedderburn (eds.), The Works of John Ruskin, 39 Vols., London, Allen and Unwin, 1903-12, 8, 264.

18. J. Ruskin, Unto this Last, 116.

19. J. Ruskin, Sesame and Lilies in Works, 18, 107.

20. For Ruskin this also influenced the value of a commodity in another way because the nature of labour affected an individual's 'acceptant capacity', see J.T. Fain, Ruskin and the Economists, Vanderbilt University Press, 1956, 86-7.

21. J. Ruskin, The Stones of Venice, London, Dent, n.d., 151; As P.D. Anthony sees it this, for Ruskin, was capitalism's great weakness that it both 'ill uses labour and corrupts it at the same time', John Ruskin's Labour, 100.

22. J. Ruskin, Fors Clavigera: Letters to the Workmen and Labourers of Great Britain, 8 Vols., Orpington, Allen, 1871-84, 1, Letter 12, 23.

23. Munera Pulveris, 114-5.

24. Fors Clavigera, 1, Letter 3, '5, 'if you are a shoemaker, it is a law of Heaven that you must sell your goods under their price, in order to destroy the trade of other shoemakers', my emphasis.

25. Munera Pulveris, 163.

26. *ibid*, 196n; Ruskin was aware of the macroeconomic fluctuations which characterised the Victorian economy but, as one writer has put it, he had 'no detailed theory of crisis and view of the relation of consumption to production which any economist could understand', J.C. Sherburne, John Ruskin or the ambiguities of Abundance, a study in social and economic criticism, Harvard University Press, 1972, 155.

27. Fors Clavigera, 1, Letter 7, 17.

28. Munera Pulveris 115.

29. Fors Clavigera, 1, Letter 3, 7; Unto this Last.

30. Fors Clavigera, 1, Letter, 12, 23, 'What anything is worth or not worth it cannot tell you: all that it can tell is the exchange value. What Judas in the present state of supply and demand can get for the article he has to sell.'

31. Unto this Last, 23; Ruskin seems to have envisaged the possibility of a substantial swathe of industry being taken into public control. Thus in a letter to the Daily Telegraph in August, 1868, he wrote that 'All enterprise constantly and demonstrably profitable on ascertained conditions, should be made public enterprise, under Government administration and security', 'Increased railway fares', Works, 17, 531.

32. Unto this Last, 23-4.

33. Ruskin believed that the state should also be responsible for assuring that 'the entire body of the public should contribute to the cost and divide profits of all necessary public works and undertakings, as roads, mines, harbours', Time and Tide by Weare and Tyne, Oxford University

Press, 1921, 82. Ruskin seems to have grasped some of the possible bureaucratic implications of such an expanded role for the state. See, for example, his discussion of the need for a state commissariat under a 'salaried Doge' in letter 75 of Fors Clavigera.

34. Unto this Last, 34.

35. Munera Pulveris, 174.

36. Unto this Last, 35; this would represent another function for the state.

37. *ibid*, 70; 'just payment of labour consists in a sum of money which would approximately obtain equivalent labour at a future time'.

38. *ibid*, 72; Ruskin suggested that a 'just wage' should be sufficient to enable the labourer to 'save from his wages enough to enrich and complete his home gradually with more delicate and substantial comforts; and to lay by such store as shall be sufficient for the happy maintenance of his old age...and sufficient also for the starting of his children in a rank of life equal to his own', Time and Tide, 21. As regards these questions Ruskin saw a role for guilds determining wages and prices in each trade.

39. Like Carlyle, Ruskin sought to replace temporary by fixed or permanent contracts.

40. 'For Ruskin the first things to determine are the proper relations between human beings, how people ought to behave in relation to one another. Political economy should be the study of how those proper relations can best be advanced in the economic sphere', J.L. Spear, Dream of an English Eden, Ruskin and his tradition in social criticism, New York, Columbia University Press, 1984, 141.

41. Munera Pulveris, 184-5.

42. Thus Ruskin believed that 'the master' should be 'held responsible as a minor king or governor, for the conduct as well as the comfort of all those under his rule', Time and Tide, 20.

43. Munera Pulveris, 185.

44. *ibid*, 194.

45. *ibid*, 193.

46. Ruskin's views on good masters, captains of industry and chivalrous merchants owed much, of course, to Thomas Carlyle, see J.L. Spear, Dream of an English Eden, 120-1.

47. J. Ruskin, Unto this Last, 40-41; *ibid*, 42.

48. *ibid*, 42; 'sixpences have to be lost as well as lives under a sense of duty...the market may have its heroisms as well as war', *ibid*.

49. *ibid*, 43.

50. Munera Pulveris, 116; 'The laws which at present regulate the possession of wealth are unjust because the motives which provoke its attainment are impure, but no socialism can effect their abrogation unless it can abrogate also covetousness and pride', *ibid*. xxix, my emphasis.

51. Time and Tide by Weare and Tyne, 88.
52. *ibid*, 87. For Ruskin's discussion of what he meant by 'standard' or 'warranted'.
53. *ibid*, 85.
54. *ibid*, 198.
55. *ibid*, 199.
56. Thus J.L. Spear has argued that before he even began to 'give any systematic thought to social problems' Ruskin 'had already envisioned the happy society as the rural, agricultural community depicted as the garden of a restored earthly paradise', Dream of an English Eden, 54.
57. Fors Clavigera, 1, Letter 22, 11, my emphasis;
ibid, 1, Letter 5, 21.
58. *ibid*, 1, letter 22, 12.
59. Munera Pulveris, 13.
50. *ibid*, 132.
61. Unto this Last, 22.
62. *ibid*, 71.
63. Munera Pulveris, 12.
64. *ibid*, xiii.
65. For Ruskin, 'the modern political economists (had) been without exception, incapable of apprehending the nature of intrinsic value at all', xiv.
66. Fors Clavigera, 1, Letter 14, 6.
67. Unto this Last, 54n.
68. *ibid*, 98.
69. With respect to his originality one commentator has written of his 'pioneering perception of the possibility of an abundance of good things for all men' and his 'rejection of the usual Victorian belief that life is a struggle in which scarcity is the expected condition', J.C. Sherburne, The Ambiguities of Abundance, 69.
However it should be noted that this was an integral part of much early nineteenth century socialist writing.
70. 'Ruskin's hostility to competition is deeply rooted in his aesthetic themes', *ibid*, 79.
71. J. Ruskin, Munera Pulveris, 94, 'The base nation, asking for base things, sinks daily to deeper vileness in use'.
72. The exercise of authority was a key element in Ruskin's understanding of how the national economy could and should be managed. See, for example, J.C. Sherburne, The Ambiguities of Abundance, 74 and 216-7 for a discussion of the heirarchic nature of Ruskin's ideal society. Authority would be exercised by the state, the captains of industry, the chivalrous merchant and producers' guilds. For a discussion of the influence of Carlyle upon Ruskin with respect to the idea of authority see J.L. Spear, Dream of an English Eden, 105ff.
70. J.A. Hobson made the somewhat exaggerated claim that Ruskin 'laid a solid foundation for social economics', John Ruskin, Social Reformer, Boston, Estes, 1898, 120.

71. Fors Clavigera, 5, Letter 49, 3.
72. Fors Clavigera, 5, Letter 58, 275-6.
73. On this point see J.C. Sherburne, The Ambiguities of Abundance, 274-5.

Postscript

'Bronterre' O'Brien, the shape of things to come?

Prior to the 1880s there were those like J.F. Bray in *Labour's Wrongs* and John Gray in his *Treatise* whose thinking had led them to propose an important role for the state or some central authority in the conduct of a future socialist economy. There were only a few, however, whose work can be said to have anticipated that genre of state socialism which flourished in the last quarter of the nineteenth century.¹

One who would seem to fall into this category was James 'Bronterre' O'Brien. Thus writing in the 1850s he argued that 'Railroads should not be private property; neither should canals, docks, fisheries, mines, the supplying of gas, water etc. Works of this sort, designed for the use of the public, should be constructed or executed only at public cost.'² He also advocated the nationalisation of land condemning the view that 'the works of God's creation may be bought and sold in the market the same as if they were the works of human hands'...as 'a principle utterly abhorrent to common sense and reason.'³ However, despite his wholehearted demand for the national ownership and control of these means of production, the key to the success of the programme of economic and social reform which he advocated on behalf of the National Reform League, was to be the nationalisation of money and credit and the state regulation of exchange. Here the lingering intellectual influences of Smithian and Owenite socialism are profound.

For O'Brien in the 1850s as for O'Brien in the 1830s, the evils of competitive capitalism originated in the sphere of exchange. In particular money, based as it was upon 'the variable and uncertain amount of scarce metals...inadequate to

perform the functions of equitably representing and distributing that wealth' rendered all commodities liable to perpetual fluctuations in price.' As a result there had grown up a 'vicious trade in money and a ruinous practice of commercial gambling and speculation' with the consequent triumph of 'the demoralizing principle of buying cheap and selling dear.'⁴ In such circumstances the exploitation of labour flourished and crises of under-consumption inevitably resulted. The monopolisers of money could distort exchange values and impoverish labour at will, while the 'liability' of money 'to become locally or nationally scarce' meant that 'that equilibrium which should be maintained between the production and consumption of wealth is destroyed.'⁵

The nationalisation of money and credit and, in particular, the state control of exchange would end all this. Thus 'to equalize the demand and supply of commodities...to render it as easy to sell as to buy, it is an important duty of the state to institute in every town and city public marts or stores for the reception of all kinds of exchangeable goods, to be valued by disinterested officers appointed for the purpose, either upon a corn or a labour standard; the depositors to receive symbolic notes representing the value of the deposits, such notes to be made legal tender throughout the country enabling their owners to draw from the public stores, to an equivalent amount, thereby gradually displacing the present reckless system of competitive trading and shop-keeping.'⁶ Thus the state would assume the function of pricing which the market had so inadequately performed.⁷ In place of a market determination of price there would be the deliberate determination of value by state officials - 'all commerce must be gradually reduced to equitable exchange on the principle of equal values for equal values, measured by a labour or corn standard.'⁸ Thus for O'Brien the key to just and equitable economic order still lay in the sphere of exchange and, writing as he does of 'land-usurpers and money-changers' his critical language is still that of the early nineteenth century rather than that of 'scientific' socialism. On the prescriptive side certainly, he was prepared to argue for the nationalisation of productive resources but there is no attempt to marry this idea at a theoretical level with the socialisation of exchange.

Yet though in his critical thought and in his

major constructive proposals O'Brien remained a child of the 1830s, the republication of some of his writings of the 1850s in the 1880s - one piece under the title of *State Socialism*, 1885 - suggests that socialist writers of this later period did see in him a kindred spirit,⁹ albeit one who had taken an obsolete theoretical route to arrive at the right practical destination. It is to this generation of socialist writers that we now turn in the final part of this study.

NOTES

1. Ideas similar to those of O'Brien were articulated by writers like M.J. Boon, W. Dixon and Ernest Jones. See, for example, M.J. Boon's A Protest against the present Emigrationists, London, 1869, How to Nationalize the Commons and Wasteland, Railroads, Tramways, Malt-works, Gas-works, Public Buildings and other works...by means of National Money, London, 1873 and National Paper-Money and its Use, London, 1885.

W. Dixon too proposed an economic programme which involved 'National Banks of Credit' and 'paper labour notes', see E.P. Thompson, William Morris, Romantic and Revolutionary, London, Lawrence and Wishart, 1955, 326. For a sample of Ernest Jones' economic writing see 'The nationalisation of the land', People's Paper, 5 June 1852. Jones' general position on the economic question was, however, fundamentally different from O'Brien's in this respect. Both saw economic power, the power to exploit, as residing in the ownership of the means of production but whereas O'Brien saw nationalisation as a solution to its skewed distribution, Jones, with the exception of land, sought the generalisation rather than the nationalisation of ownership. Thus he wrote that the labourer, 'If he wishes to manufacture...ought to have the means afforded to him of buying or making machinery and of purchasing the raw material, and, for this purpose the state should advance to the working men out of the national revenue, on safe and equitable conditions, remunerative to the state itself, those funds which would enable him to obtain the requisite materials for manufacture', 'Social Right', People's Paper, 8 May, 1852, quoted from J. Saville, Ernest Jones: Chartist, Selections from the Writings and Speeches of Ernest Jones, London, Lawrence and Wishart, 1952, 151. E.E. Barry, Nationalisation in British Politics, the historical background, London, Cape, 1965, 135, sees E.B. Bax's 'Modern Socialism', Modern Thought, 1879, as 'possibly the earliest statement by an Englishman of the centralist or state ownership view of socialism'.

2. J.B. O'Brien, The Rise, Progress and Phases of Human Slavery: how it came into the world and how it shall be

made to go out, London, 1885, 144.

3. *ibid*, 127.

4. *ibid*, 102-3.

5. *ibid*, 102.

6. *ibid*; see also Proposition 7 of the National Reform League in State Socialism, London, 1885, 6.

7. M.J. Boon of the Land and Labour League also argued along similar lines that the state rather than the market should fulfil the function of pricing. Thus he argued that Commissioners of Public Works should erect, 'Large Store Houses, where the farmers can deposit their corn, and our producers of our worked up articles their goods; when the goods and the produce are deposited the owners to receive their value in National Notes, thus enabling the producers to bring into existence Wealth, ad infinitum and the exchange medium facilitating consumption ad infinitum...making it as easy to sell for money as it now is to buy', A Protest against the Present Emigrationists, 7. Again the idea was to destroy the power of the 'bankiers' and 'bullionists' whose control of money allowed them to create an 'artificial currency' which permitted the 'modern' equivalent of 'usury'. This would eliminate exploitation and, in words which might have been taken from the later works of John Gray, it would ensure that 'production would be the cause of demand, not as now...owing to our scarcity of money tokens...demand being the cause of production', National Paper-Money and its Use, 35, 4. As R. Harrison has rightly written, 'The hand of old Chartists, Owenites and currency reformers can be seen in some of these demands', Before the Socialists, 217.

8. J.B. O'Brien, The Rise, Progress and Phases, 139.

9. This determination to establish an intellectual pedigree seems to have been in keeping with the mood of the times. Thus H.M. Hyndman reprinted Thomas Spence's Lecture of 1775 in 1882, see G.D.H. Cole, A History of Socialist Thought, Vol. 2, Marxism and Anarchism, 1850-1890, London, Macmillan, 1974, 383.

PART III

THE DECAY OF A MARKET ECONOMY

Introduction

The story of the socialist revival of the 1880s has been told and well told before and requires no extended repetition here.¹ It suffices to say that after the lean decades of the period 1850-1880, the political economy of Karl Marx² and Henry George,³ the philosophical idealism of T.H. Green and F.H. Bradley,⁴ the positivism of Frederic Harrison and E.S. Beesley,⁵ the social investigations of Seebohm Rowntree and Charles Booth⁶ and the social criticism of writers like the Rev. A. Mearns and G.R. Sims⁷ combined in the context of growing difficulties of the late Victorian economy to produce an ideological ferment whose distillation was to yield much of the theory and practice of modern British socialism. However, if the tale need not be told in full it is nonetheless useful to note in passing some features of the late Victorian economy which may have had a bearing upon this revival and thence on socialist discussion of the market in the last quarter of the nineteenth century.

As with the 'Great Victorian Boom' so with the 'Great Victorian Depression', the work of economic historians has exposed the vapidty of taxonomic excess.⁸ Yet the fact remains that the last quarter of the nineteenth century appears, and certainly appeared to contemporaries, as a more uncertain, unstable and threatening economic environment than any but the earliest Victorians had experienced. Thus, for example, 'unemployment during 1874-95 was clearly higher than during 1851-73 and 1896-1914, the figures being 7.2% compared with 5% and 5.4% respectively.' Further, it was the case that after a period when it was remarkably low, 1870-78, unemployment increased markedly in 1879 and remained above 7.5% during the periods

1884-87 and 1892-95.⁹ Once again, therefore, it may have seemed legitimate to question the efficacy of the market as an equilibrating mechanism which ensured the full and efficient utilisation of resources.

In addition the market or market forces directly threatened the stability and prosperity of the late Victorian economy in another way. This period saw the economic rise of Germany and the United States so that competition, from being a means of prising open the markets of others for the benefit of British exporters, began to manifest an unnerving capacity to cut the ground from under their feet. Thus the rate of growth in the volume of exports fell from 4.8% per annum in the period 1854-72 to 2.1% per annum in the period 1876-1910.¹⁰ In an international context, therefore, the market showed an increasing capacity to operate to the detriment of the British economy.

More important, in terms of its impact upon socialist thinking, was the manner in which the influence of the free market was being atrophied or constrained. In the sphere of international trade the growth of protectionism damaged both the ideal and the reality of free trade in free markets. Domestically the late nineteenth and early twentieth centuries witnessed growing state involvement in many aspects of economic life - housing, factories, mines etc. Municipalities provided an increasing range of goods and services. Further, the untrammelled market was under threat from industrial concentration which produced firms and conglomerates controlling and manipulating market forces rather than responding to their imperatives. It is true, as one commentator has stated, that 'British industry was noticeably less involved in the merger movements of the last quarter of the century than either her American or German counterparts'¹¹ but the growing economic importance of Germany and the United States convinced many that such developments indicated the shape of things to come for all industrial economies.¹²

In such circumstances it is not surprising that the market and commercial civilisation in general should once again come under sustained critical fire for their economic and other failings. Unemployment and under-utilised resources testified to the market's anarchic and wasteful character, to its failure as an equilibrating mechanism and as an efficient allocator of resources. It also highlighted the continued and growing vulnerability of

labour to the kind of instability which the market engendered and showed clearly labour's likely fate where it had the status of a mere marketable commodity. The growth of international competition further stressed the unpredictable, two-edged and potentially destabilising qualities of market forces while the slow down in the rate of growth of industrial production, the fall off in the rate of increase of labour productivity and the declining share of profits in the national product all suggested that the market in late nineteenth century Britain had also lost its dynamic capacity to generate and sustain the rates of economic growth which had been enjoyed in the mid-century period. In addition, the emergence of state, municipal and monopolistic concentrations of power by eroding its autonomy and importance seemed to point to its ultimate, inevitable and imminent demise. The days of the market appeared to be numbered.

Given this, what socialist writers like H.M. Hyndman, Edward Bellamy, Laurence Gronlund, J.L. Mahon and Robert Blatchford sought was a transformation of society which would allow the conscious rational control of economic affairs. There should be no further reliance upon the transmutation of unco-ordinated, self-interested economic behaviour into rising material well-being and social harmony as promised by the market's apologists. Economic activity should not be left to develop haphazardly but should be subjected to purposive human direction through the medium of the state. With these writers, therefore, we have some of the first extended attempts to formulate a political economy of state socialism.

Similar aspirations were shared from the late 1880s onwards by the major Fabian socialist writers. Again the central thrust was against the defects of an anarchic economic and social order which relied upon an untrammelled market mechanism to determine prices, allocate resources and distribute the national product. Sidney Webb and G.B. Shaw in particular prided themselves upon being the swashbuckling proponents of a new, rigorous, scientific critique of the market economy. They too saw it as productive of waste and injustice and they also emphasised the need for rational economic management of what had previously been left to chance; something which they believed would be secured through the ineluctable, incremental advance of state and municipal authority in matters

economic. It was the state and municipalities which would ultimately crystallize a socialist order from the chaos of a competitive market economy.

William Morris also envisaged that the state would play a major part in supplanting the market, though only in a transitional phase en route to an anarcho-communist epoch of rest.¹³ Thus the socialist state in directing economic affairs would provide a necessary, if temporary, antidote to the waste, disorder and ruthless exploitation which characterised commercial civilisation. However, the fundamentals of Morris' critique of that civilisation were primarily rooted in a Ruskinian repugnance for the ethical and social values which commercialism engendered rather than grounded upon any profound analysis of the market's economic failings. Above all Morris condemned the market for its atrophy of Man's intellectual and creative faculties through its degenerative effects on the quality of work and the nature of human labour. As such Morris' critique may be seen as part of a critical current which runs throughout the nineteenth century socialist literature and which cannot therefore be directly linked to the difficulties characterising the late nineteenth century Victorian capitalism.

If then the attraction of supplanting the market by state or municipal direction of economic affairs derived largely from the desire to make order out of chaos and from a determination to replace an allocative, distributive and pricing mechanism whose demise was imminent and inevitable, what explains the renewed popularity of communitarian or commune based visions of the socialist future such as those purveyed by William Morris, Peter Kropotkin and anarcho-communists in general. Here again it must be stressed that any attempt to link ideological superstructure with material base must be tentative. However, just as state socialism in Britain may be seen as an attempt to fill the vacuum created by the crumbling of mid-Victorian economic certainties, so communities and communes provided an alternative way of distilling order out of chaos. What they afforded, at least in microcosm, was what those of the 1830s and 1840s had offered, namely simplicity, certainty and security in an economic world which was becoming more complex, more unpredictable and, seemingly, more unstable. Here, understandably, the siren call of retreat from the world of the market economy

regained its compelling attraction.

As at the birth of socialist economic thinking so in the late nineteenth century socialist writers actively sought the market's destruction or pointed to its inevitable transience as a means of organising economic activity. Once again, therefore, they had to confront the question of what would be put in its place. It is with how this problem was tackled in the new age of scientific socialism, where the economic realities were those of a modern, complex, industrialised economy, rather than those of an economy still in the throes of industrial transition, that the following chapters will be primarily concerned.

NOTES

1. See, for example, P. d'A Jones, The Christian Socialist Revival, 31-57; G.D.H. Cole, Marxism and Anarchism, 379-424; J. Saville, 'The background to the revival of socialism in England', Bulletin of the Society for the Study of Labour History, 11, 1965, 13-17. For an account of the origins of Fabian socialism see A. McBriar, Fabian Socialism and English Politics 1884-1918, Cambridge University Press, 1968, 1-28.

2. For an excellent discussion of the influence or otherwise of Marx see S. Pierson Marxism and the Origins of British Socialism, the struggle for a new consciousness.

3. See, for example, J. Saville, 'Henry George and British labour', Science and Society, 24, 1960, 321-33.

4. A.B. Ulam, The Philosophical Foundation of English Socialism, New York, Octagon Books, 1964, 26-46.

5. R. Harrison, Before the Socialists, 251-342.

6. C. Booth, Life and Labour, 2 vols., London, 1889.

7. Rev. A. Mearns, The Bitter Cry of Outcast London, London, 1883; G.R. Sims, How the poor live, London, 1883.

8. See, for example, S.B. Saul, The Myth of the Great Depression, 1873-96, 2nd ed., London, Macmillan, 1985.

9. *ibid*, 30-31.

10. *ibid*, 49.

11. S.B. Saul, The Myth of the Great Depression, 41.

12. see below.

13. As did Robert Blatchford, see below.

Chapter 10

William Morris: An Epoch of Rest and Simplicity

Morris' critique of the market was an explosive compound of partially digested Marxian political economy and, more importantly, a profound Ruskinian antipathy to the moral, social and aesthetic consequences of commerce and commercialism. On the economic side Morris followed Marx in condemning the market for a commoditisation of labour which permitted the appropriation by the capitalist of the surplus value which it created. Thus labour exploitation was seen as an intrinsic and necessary feature of a market economy and for this reason alone Morris would have advocated its abandonment as an inequitable distributive mechanism.

In addition, however, there were the deleterious economic consequences of the destructive lust for luxury which the market created. Luxuries were 'the invention of competitive Commerce'. The growth of commerce, 'that system of competition in the market' encouraged the production of such 'sham-wealth' because it involved the creation and satisfaction of wants where 'no real demand' existed.¹ As Morris wrote in *News from Nowhere*, 'the last age of civilisation' (late nineteenth century capitalism) was characterised by 'a most elaborate system of buying and selling, which ...created a never ending series of sham or artificial necessities which became under the iron rule of the...World Market, of equal importance with the real necessities which supported life.'²

This production of 'sham-wealth' represented a serious misallocation of resources. It caused the withdrawal of 'vast numbers of workers from the production of real utilities' casting 'a heavy additional burden of labour'³ on those who were left to produce what society really required. Like Hall, therefore, Morris saw the market as a

mechanism which by mediating the demand for luxuries directed resources away from the production of basic commodities required by the bulk of the population, so simultaneously creating waste and scarcity.⁴ In consequence, while society might possess the productive capacity to furnish an abundance of necessities, labourers actually suffered both an artificial famine⁵ and an extension of the hours they must labour to secure their meagre subsistence. 'I tell you what luxury has done for you in modern Europe', he wrote, 'It has covered the merry green fields with hordes of slaves.'⁶

Resources were further wasted as a consequence of the elaborate system of exchange and distribution which was, for Morris, an inevitable concomitant of a competitive market economy. Thus the competitive system employed 'whole armies of clerks, travellers, shopmen, advertisers and what not, merely for the sake of shifting money from one person's pocket to another's', while many were occupied in 'competitive salesmanship or the puffery of wares.'⁷ More important, however, was the waste which resulted from the periodic depressions which afflicted a market economy. Such depressions, distinguished as they were by unutilised productive capacity, redundant labour and a surplus of undistributed commodities, manifested in its most overt form the failure of the market mechanism to perform the allocative and equilibrating functions with which it was credited by its defenders.⁸ The market failed to ensure that the productive potential of the nation was fully exploited; a failure the brunt of which was borne by labour. Thus 'when the glut comes in... (the) market... what happens to this army (of labour), every private in which has been depending on the steady demand in that market and acting as he could not choose but act, as if it were to go on forever? You know well what happens to these men; the factory door is shut on them, on a very large part of them often, and at the best on the reserve army of labour so busily employed in the time of inflation.'⁹

In addition these crises were not only endemic but were destined to become more severe and more prolonged as capitalism developed.¹⁰ As Morris saw it, the 'competitive commercial system' [was] 'killing itself by its own force' with 'lack of employment becoming chronic.'¹¹ The broad, descriptive outlines of this macroeconomic critique of the market's equilibrating role may be crudely

labelled Marxian but it would be both inaccurate and unfair to Marx to try and append such a label to Morris' theoretical explanation of the phenomenon of fluctuations. There is, for example, no indication in the work of Morris that he had taken on board the implications of the simple and extended reproduction models in the second volume of *Capital* nor the part which they played in Marx's conception of capitalist crisis. Moreover there are elements in Morris' tentative theoretical discussions on this topic which show that he had less in common with Marx than the earlier, British, socialist tradition of thinking on the subject of general economic crisis.

Thus in part, Morris saw gluts as simply the logical consequence of competitive, market-engendered urge to maximise individual gain by maximising output - 'nor as each producer is working against all the rest can these producers hold their hands, till the market is glutted and labour thrown in the streets.' As Morris wrote in 'True and false society', 'it is the ordinary and necessary outcome of their (capitalist producers') operations that there should be periodical slackness of trade following on times of inflation, from the fact that everyone tries to get as much as he can of the market to himself at the expense of everyone else, so that sooner or later the market is seen to be overstocked.' ¹²

Further, the growth of foreign competition with the economic rise of major new industrial producers was beginning to add an international dimension to this source of macroeconomic instability and depression. International trade was recognised by Morris as a major cause of the relative economic prosperity which Britain had enjoyed in the nineteenth century, but with the industrialisation and general economic advance of nations such as Germany and the United States, Britain necessarily became involved in a desperate struggle to out-produce her rivals with glutted international markets increasingly the consequence.

In part too, Morris saw gluts as arising from the very act of producing with an eye to exchange rather than human wants, which he saw as precluding the possibility of any necessary equality of supply and demand. In the absence of any direct matching of supply with needs production proceeded in the expectation rather than with the certainty of adequate demand. While there was 'much talk about supply and demand...the supply and demand usually

meant is an artificial one; it is under the sway of the gambling market.'¹³ Thus in *News from Nowhere* Morris had one of his characters avow that 'it would be mere insanity to make goods on the *chance* of their being wanted'¹⁴ but this, for Morris, was exactly what, under market capitalism producers did. Thus 'the starvation or misery of thousands follow(ed) some slight caprice in the market for wares not worth making at all.'¹⁵ In a market economy where wants were artificially created, where needs were manufactured along with the means for their satisfaction, demand assumed an evanescent quality, fluctuating in response to consumer caprice and here all became prey to 'the hideous tyranny of gambling.'¹⁶ Where, in contrast 'the supply and demand shall be *genuine, not gambling*; the two will then become commensurate for it is the same society which demands that also supplies.'¹⁷ As, therefore, the market epitomised and embodied the gambling spirit of commercialism which created crises, it was necessary that it should cease to be the mediator between demand and supply.

In addition to the domestic and international competitive pressures to overproduce and the volatility necessarily imparted to economic life by productive activity which was geared to whim-dominated market exchange values, Morris, following in what he probably took to be the underconsumptionist footsteps of Marx also emphasised the exploitatively constrained purchasing power of the working class as a cause of glut and depression. Thus the commoditisation of labour which occurred with the growth of the market economy and the consequent appropriation of surplus value by the capitalist, guaranteed that aggregate demand would be insufficient to bring about the full utilisation of productive resources. Where the market had transmuted labour power into a commodity economic crises were inevitable. As Morris stated in a lecture which he delivered in 1886, 'If you want to do a steady and safe business you must have many wealthy customers; but the customers for our wares are poor, for the most part only a small class is wealthy, so that we have to scour all over the world and try to make markets to force people to buy our wares.'¹⁸ Thus in obstructing profitable sale, the commoditisation and subsequent exploitation of labour vitiated at root the *modus vivendi* of market capitalism.

Yet for all the fact that Morris attacked the

waste and impoverishment which characterised commercial civilisation and denied the existence of the equilibrating capacities with which the market was credited by classical and neo-classical writers, it was the market's impact on the qualitative rather than the quantitative aspects of human existence which provoked his greatest wrath; it was what the market did to work, art, people, the physical environment and the quality of human relationships which elicited his most heartfelt anathemas.

For Morris what corrupted labour in a competitive market economy was that production proceeded with a view to sale not use.¹⁹ To begin with, production with the exclusive object of sale precluded the possibility of work which involved the free expression of Man's creative capacities. On the contrary it led to 'the subordination of all capacities to the great end of money-making for one's master' and thence to joyless labour.²⁰ With Man being 'forbidden to have a share in the intelligent production of beautiful things.'²¹ Further, concern with market sale geared labour to the demand for 'vulgarity and shabby gentilities',²² rather than the satisfaction of human needs, for the former, the product of bourgeois caprice or aspirations, was backed by money, while the latter was supported only by the claims of natural justice. In consequence by 'pandering to degrading follies',²³ labour was denuded of all sense of social utility. Lacking an 'element of obvious usefulness' work failed to convey that sense of personal worth which really useful labour alone could bestow.²⁴ 'How many', wrote Morris, 'are employed in making market wares for rich people which are of no use whatever except to enable the said rich to spend their money.'²⁵

Also, with its emphasis on saleability, the market was inimical to work of high quality. Thus saleability was in large measure, a function of price, so that cheapness was the primary if not the overriding concern of producers. Under the kind of competitive pressures which the market unleashed, considerations of beauty, quality, even serviceability had necessarily to be sacrificed. As a profit seeker sale in the market was, for the capitalist, the *raison d'être* of production and in pursuing the cheapness which would make sale certain, he was 'compelled to be quite careless of what art there may profess to be in the wares he gets made.'²⁶

Thus of the capitalist entrepreneur Morris wrote, whether 'Wealth is real or sham matters nothing to him. If it sells and yields him a profit

it is all right.' Indeed the market ultimately destroyed those for whom work was art and aesthetic, non-pecuniary considerations were paramount. Thus,

'the Indian or Javanese craftsman may no longer ply his craft leisurely working a few hours a day in producing a maze of strange beauty on a piece of cloth; a steam engine is set a-going at Manchester, and that victory over Nature and a thousand stubborn difficulties is used for the base work of producing a sort of plaster of china clay and shoddy, and the Asiatic worker, if not starved to death outright, as plentifully happens, is driven himself into a factory to lower the wages of his Manchester brother worker.'²⁷

In short, 'Commercialism...destroyed handicraft in art.' Indeed, as Morris saw it, 'the action of competitive commerce is gradually putting an end to all art'; 'popular art cannot live under the full development of competitive commerce.'²⁸

Where competitive compulsion was removed, however, values other than those of the market would come to inspire labour. Then labour 'would refuse to produce the mere inanities which are now called luxuries, the poison and trash now called cheap wares.'²⁹ Instead it would devote its energies to 'building up the ornamental part of life - its pleasures, bodily and mental, scientific and artistic, social and individual - on the basis of work undertaken willingly and cheerfully.'³⁰ To end 'joyless labour', therefore, it was necessary to end 'the tyranny of commercialism', the tyranny of market imperatives. Only then would all work come to be 'stamped...with the impress of pleasure.'³¹

The competitive pressures generated by the market also precluded the all round development of Man's creative abilities by reducing the variety of tasks performed by individual labourers. The need to produce more cheaply than one's rivals meant the productivity gains to be reaped from specialisation could not be ignored. For Morris, however, the cost of keeping prices low was high. 'For a man to be the whole of his life hopelessly engaged in performing one repulsive and never-ending task, is an arrangement fit enough for the hell imagined by theologians but scarcely fit enough for any other form of society.'³² Nor would education, as Adam Smith had suggested, provide an antidote. For, in

a competitive market economy, a 'general education shall be worth nothing, and...special education shall be worth just no more than a tolerable return on the money and time spent acquiring it.'³³ Thus education like everything else would be valued according to its market price; valued in terms of the marketability of the skills it instilled rather than in terms of its contribution to the personal development of the individual.

Morris admitted the material gains to be secured by the division of labour and he admitted too that 'some sacrifice' would be necessary if the increasing specialisation which market pressures demanded was to be reversed, but he never doubted that such a 'sacrifice' would prove worthwhile. So, for Morris, the primary source of the compulsion to subdivide the labour process i.e. the competitive market, must be removed.

If Commercialism corrupted labour at its heart it did the same to social relations. The existence of market competition meant that 'Society [was] based on a state of perpetual War.' 'War or competition whichever you please to call it, means at the best pursuing your own advantage at the cost of someone else's loss and in the process of it... not...sparing destruction even of your own possessions.'³⁴ Thus commercialism and the market institutionalised conflict for 'the gospel of supply and demand' meant 'in plainer English, the gospel of Devil take the hindmost.'³⁵ It involved conflict between individual labourers seeking to avoid or escape the reserve army of labour as they struggled for a declining volume of employment opportunities; conflict 'between the organisers of labour, great firms, joint stock companies, capitalists in short'³⁶ and commercial conflict between nations which, as Morris saw it, was 'no less destructive of men and cultures than the wars actually precipitated by economic rivalry.'³⁷ Thus as a consequence of commercial competition on a global scale, 'The South Sea Islander must leave his canoe-carving, his sweet rest and his graceful dances; and become the slave of a slave; trousers, shoddy, rum, missionaries and fatal disease - he must swallow all this civilisation in the lump.' These countries and cultures not geared to market competition found, 'Their own goods...are driven out of the market, and the metamorphosis begins which ends in turning fairly happy barbarians into very miserable, half-civilised people.'³⁸ As he wrote in 1884, 'no one can escape from the conflict; nation competes

against nation, class against class, individual against individual; each of these wars sustains the other and each has its own peculiar waste.'³⁹

If the competitive pressures of a commercial, market-oriented civilisation corrupted the soul of man through the nature of the labour they imposed; if they poisoned social and personal relationships through the nature of the antagonisms they created, the same pressures also made for the destruction of Man's physical environment. For Morris it was the ceaseless pursuit of profit in the marketplace 'which draws men into enormous unmanageable aggregations called towns...; profit which crowds them up when they are there into quarters without gardens or open spaces; profit which won't take the most ordinary precautions against wrapping a whole district in a cloud of sulphurous smoke; which turns beautiful rivers into filthy sewers, which condemns all but the rich to live in houses idiotically cramped and confined at the best, and at the worst in houses for whose wretchedness there is no name.'⁴⁰ Thus for Morris a commercial civilisation guided only by considerations of market price and market profit; guided only by the signals which the market transmitted would inevitably obliterate all that was truly beautiful and valuable in the physical world. The values of the marketplace, the values of commercialism were ultimately the values of the vandal. 'Why should one third of England be stifled and poisoned with smoke...why must Yorkshire and Lancashire rivers run with filth and dye...profit and competition.'⁴¹

There could, therefore, be no place for the market, no place for the spirit of commercialism, no place for the acquisitive, egotistical, combative and destructive instincts which it unleashed, no place for the wearing anxiety engendered by its economic volatility or the soul-destroying nature of the labour it imposed in any system of society which sought to restore to Man his social being, his capacity for creativity, his ability to appreciate beauty and true worth. Once again, therefore, a socialist thinker had to confront the question as to how, in the absence of the market, goods were to be priced and distributed, resources optimally allocated and aggregate supply matched with aggregate demand.

Morris' writings are riddled with declarations of disinterest, incompetence or both as regards the discipline of political economy. In 'How I

became a Socialist', written for *Justice* in 1894, he admitted that on joining the Democratic Federation in 1883, he was 'blankly ignorant of economics; I had never so much as opened Adam Smith, or heard of Ricardo, or of Karl Marx' and while subsequent reading and study repaired some of the worst gaps in this aspect of his intellectual defences, a certain anti-intellectualism is never far below the surface of Morris' attitude to political economy. Thus on being asked after a lecture in Glasgow in 1884 whether he accepted Marx's theory of value, he replied that, 'quite frankly I do not know what Marx's theory of value is. Truth to say, my friends, I have tried to understand Marx's theory, but political economy is not my line, and much of it appears to me to be dreary rubbish.'⁴² Certainly, Morris never had much time for many of the theoretical niceties of the discipline.⁴³ It was 'enough political economy' as he saw it 'to know that the idle class is rich because they rob the poor.'⁴⁴ Yet if on the critical side this was sufficient, on the constructive side Morris seems to have recognised that more was required of socialists. As he wrote in 1885, in any struggle to transform society it was essential that, 'The discontented...know what they are aiming at' or as he and E.B. Bax put it in *Socialism, its Growth and Outcome*, it was 'essential that the ideal of the new society should be always kept before the eyes of the working classes lest the continuity of the demands of the people should be broken'⁴⁵ and, if such an ideal was to be given substance, it would have to be rooted in 'the prosaic ground of economic science.' As he wrote to George Bainton in 1888, 'the foundation of socialism is economical.'⁴⁶ Morris' intellectual honesty drove him, therefore, to tackle some of the theoretical and practical questions which he believed would arise in the constructive phase of socialism⁴⁷ and if these questions proved ultimately to be beyond his intellectual competence he must nonetheless be credited at least with recognising their importance.

In considering this aspect of his political economy it is necessary at the outset to make a distinction between his short run and long run conception of the socialist future.⁴⁸ For, in the short run, he was prepared to advocate policies and tolerate institutional forms which would have no place in his ultimate vision of a communist commonwealth. Thus in the short run and particularly in the period of transition from capitalistic

to socialistic economic arrangements Morris envisaged the state or some central authority playing a fundamental role. Morris feared the potential for authoritarianism where economic and political power had been centralised; he feared the inroads that could be made in such circumstances into personal liberties and political freedoms. Yet given the need for immediate social control over the means of production to remove them from the sphere of the market and, therefore, from the possibility of private abuse and given the need to use them at the outset for the satisfaction of community needs, their control and direction by a strong, centralised state, seemed imperative. Further, as one writer has put it, 'The determination of needs, the adaptation of workers to their jobs and of production to consumption...will be difficult, slow and laborious operations... and during the first stage', could, for Morris, 'only be effected by authoritarian means under direct state control.'⁴⁹ Morris recognised that 'the State *might* abuse its ownership' of the means of production but this was better than leaving them in the hands of 'individual owners [who] must do so.'⁵⁰ While Morris' *bête noir* might be a centralised state it was, as a temporary expedient, preferable to the continued existence of the private ownership of the means of production and the economic and social consequences which followed from that.⁵¹

Morris' position on the economic role which the state should perform within a socialist common-wealth is, perhaps, most clearly expressed in a lecture entitled 'True and False Society', in which he discussed the two dominant views as to the form which socialism should take. 'One view', he wrote, is that the State - that is, society organised for the production and distribution of wealth - would hold all the means of production and distribution of wealth in its hands; allowing the use of them to whomsoever it thought could use them charging a rent...It would also take on itself the organisation of labour arranging the how, when and where for the benefit of the public; in short, the State...would be the only employer of labour... Labour would not be wasted, as there would be no competing employers gambling in the market...using the real producer and consumer as their milch cows. The limit of price would be the cost of production, so that buying and selling would simply be the exchange of equivalent values.'⁵² Here, the state would be responsible for the valuation of productive

resources through the imposition of rents, the allocation of resources amongst competing ends and the pricing of commodities to ensure that exchanges would be of equivalent values. The state would, in effect, take upon itself all the functions previously performed by the market.

'But there is another view', wrote Morris. 'Those who take it say, since it is not really possible to find out what proportion of combined labour each man contributes, why profess to try to do so? In a properly ordered community all work that is done is necessary on the one hand, and on the other there would be plenty of wealth...to satisfy all reasonable needs...they [the population] are provided for in being members of a community which will see that they neither lack work nor wealth..those who see this view of society believe that decentralization in it would have to be complete. The political unit with them is not a Nation, but a Commune; the whole of reasonable society would be a great federation of such communes, federated for definite purposes of the organisation of livelihood and exchange.'⁵³ Here the state would have largely withered away and in so far as central authority existed it would be of an ad hoc kind with communes coming together to secure particular economic objectives in which they had a common interest.⁵⁴ In this context the market seems to have been replaced, in typical communitarian fashion, by the direct estimation and satisfaction of human needs.

For some, Morris continued, 'These two views of the future of society are...opposed to each other as Socialism and Communism', but in fact, 'the latter is simply the necessary development of the former, which implies a transition period, during which people would be getting rid of the habits of mind bred by the long ages of tyranny and commercial competition, and be learning that it is to the interest of each that all should thrive.'⁵⁵ Thus the development of the socialist commonwealth would see a gradual diminution of centrally located authority with the directive role of the state being replaced eventually by the decentralised, intuitive economic decision-making of the communes which characterise *News from Nowhere*. As he wrote in *Commonweal* in 1890, 'I neither believe in State Socialism as desirable in itself nor, indeed, as a complete scheme do I think it possible. Nevertheless some approach to it is sure to be tried, and to my mind this will precede any complete

enlightenment on the new order of things. The success of Mr. Bellamy's utopian book, deadly dull as it is, is a straw to show which way the wind blows.⁵⁶ Like Blatchford, therefore, upon whom he had a profound influence, Morris saw state socialism as a means to an anarcho-communist end rather than as an end in itself.

How then in the initial, transition period would the state fulfil its economic responsibilities? How would it set about supplanting the market and performing the functions which Morris suggested it should undertake? As regards pricing Morris remarked in seemingly common sense fashion that 'the limit of price would be the cost of production.'⁵⁷ However, this immediately raises the question as to how the prices of factors entering into the production process were to be determined. What, for example would determine the rent charged by the state for the use of the means of production in its possession? How would labour be priced given that, as Morris saw it, it was 'impossible' to establish its contribution to the value of output, as production was a collective rather than an individual act? Until these kinds of questions were satisfactorily answered the statement that 'the limit of price would be the cost of production' was devoid of any operational significance. In the absence of information about factor prices no value approximating to costs could be established.

Leaving aside the problem of price, on the question of allocation Morris was also unforthcoming as to the basis upon which the State would act. Indeed, as regards labour, his view that workers or groups of workers would approach the state to rent the means of production and his belief that the state would determine the 'how, when and where' of labour for the benefit of the public, seem mutually contradictory.⁵⁸ His stated aim was that labour and other resources should be used to meet the community's 'real demand for commodities', something which would be estimated by 'a great federal organising power' which would not only 'have the function of the administration of production in its wider sense' but would also be responsible for 'the collection and distribution of all information, as to the wants of populations and the possibilities of supplying them.'⁵⁹ This central authority was clearly seen, therefore, as fulfilling the information gathering and disseminating functions previously performed by the market.

What Morris desired, of course, was the direct

matching of productive resources under centralised social control with the manifest wants of the community but there is little indication in Morris' writing of the magnitude of the information gathering and disseminating task which his 'great federal organising power' would have to undertake. There is, for example, no hint of an awareness that this gathering of information would have to proceed continuously, while a strong impression is also given that information on wants and the capacity to supply would simply involve the aggregation of physical quantities rather than the estimation and aggregation of constantly changing demand schedules. It would seem, therefore, that Morris assumed calculation would proceed in physical terms and in relatively static circumstances. Implicitly, therefore, the whole problem of economic calculation by the state is simplified to the point where it was amenable to crude solutions which Morris proposed. This was to be the hallmark of all nineteenth century state socialist political economy.

It is unfair, however, to criticise Morris for failing to provide a well-articulated political economy of state socialism. Reasons of intellectual competence aside his heart was not in the matter.⁶⁰ Rather his inclination was to gear his creative literary energies and intellectual faculties to the task of breathing imaginative life into an earthly paradise of 'free communities living in harmonious federation with each other, managing their own affairs by the free consent of their members.'⁶¹ As E.P. Thompson put it 'he looked forward impatiently to the re-emergence, in Communist society, of a life based on small communes and villages.'⁶² Here in so far as a central authority existed its role would be largely that of 'protect[ing] the principle whose practice the communities would carry out; till at last these principles would be recognized by everyone always and intuitively when the last vestiges of centralization would die out.'⁶³

So how, under such a system would economic calculation and decision-making proceed? Within the free, independent, communes or communities which would constitute the socialist or communist commonwealth, there would, for Morris, be no need to tackle the problem of pricing. In the *Manifesto of the Socialist League*, he wrote of 'a transitional period during which currency will still be used as a medium of exchange' but at the same time he looked 'forward to the time when any definite exchange will have entirely ceased to exist; just as it never

existed in that primitive communism which preceded Civilization.'⁶⁴ Similarly in *News from Nowhere* there was to be no money and no such thing as buying and selling. In the communist utopia of *Nowhere* 'men make for their neighbours' use...not for a vague market of which they know nothing, and over which they have no control.' and as 'there is no buying and selling...Nothing can be made except for genuine use.' Also in his *Dream of John Ball* when the communist cleric speculates on the future shape of society the constant refrain that goods would be produced and enjoyed 'without money and without price';⁶⁵ while in an unpublished lecture on the 'Society of the Future' Morris again emphasised that production would be 'to use and not to sell.'⁶⁶

In the absence then of a market and of money price as a guide to cost and demand on what basis would production be organised where a decentralised communism prevailed? How would economic decisions as to what, when and how to produce be made? Here it would seem that Morris believed such decision-making, such organisation of production, could proceed on the basis of simple rational discussion between those suffused with the spirit of communism. Morris saw it occurring in this way, - 'for example, we are a shoemaking community chiefly, you cotton spinners, are we making too many shoes? Shall we turn some of us to gardening for a month or two or shall we go on?' Calculation and decision-making would, therefore, be the outcome of a straightforward interchange of information with such 'Absolute facts and information' becoming the main business of public assemblies.⁶⁷ These methods of economic management Morris believed could even be extended to the international economy. Thus in 'How we live' Morris wrote of a communist world economy where, 'all civilized nations would form one great community, agreeing together as to the kind and amount of production and distribution needed; working at such and such production where it could be best produced.'⁶⁸

For Morris, therefore, economic calculation was something that could occur by direct reference to and discussion of the facts of existing wants and available resources without the intermediation of a pricing mechanism. Under communism production would be of 'such goods as best fulfilled the real uses of the consumers...profits being abolished, people could have what they wanted'; 'always

labour would be employed in producing things that people really want'; resources would be used to satisfy the 'real demands of each and all - that is to say, work for livelihood, instead of working to supply the demand of the profit market.'⁶⁹ Thus the direct estimation of the utility of goods and services would furnish the information and provide the basis upon which allocative decisions would be made. With such information on the relative social utilities of goods, elicited by simple discussion or communication, resources would be allocated in a socially optimal manner.⁷⁰

Morris views on what should ultimately replace the market have, therefore, much in common with those of the Owenites even though he accepted a greater measure of specialisation and, so, interdependence between communities than did most early nineteenth century communitarians. It might be argued, therefore, that if the Owenites were guilty of abstracting from the complexities of an economy in the throes of industrial transformation, how much greater was the culpability of Morris who wrote at a time when the transition to a modern, complex, interdependent, industrial economy was largely complete. Yet, it must be said that in sketching the economic lineaments of communism as it would ultimately evolve, Morris did not seek to articulate principles of economic management which would accommodate the complexities of late nineteenth century industrial life. Rather his solution to economic questions rested upon the assumption that such economic complexities had been eliminated. Here Morris considered that history was on his side. For while capitalism had been characterised by the increasing complexity of economic arrangements and while Morris accepted that these would initially be a characteristic of communism, he believed also that there would come a point when, surfeited with material abundance and inspired by a growing awareness of the pleasures of manufacture, Mankind would for aesthetic and psychological reasons revert to simplicity of production and thence of social and economic organisation. As he saw it in 'How we live', 'I believe...that a state of social order would lead at first to a great development of machinery for really useful purposes, because people will still be anxious about getting through the work necessary to holding society together; but that after a while they will find that there is not so much work to do as expected, and that then they will have leisure to consider the whole subject;

and if it seems to them that a certain industry would be carried on more pleasantly as regards the worker...but using hand-work rather than machinery, they will certainly get rid of their machinery, because it will be possible for them to do so... And I have a kind of hope that the very elaboration of machinery in a society whose purpose is not the multiplication of labour...but the carrying on of a pleasant life, as it would be under social order - that the elaboration of machinery...will lead to the simplification of life, and so once more to the limitation of machinery.'⁷¹

For Morris the hallmark of communism was freedom and in particular freedom from the grinding, repetitive tasks which numbed the intellect and suppressed the exercise of Man's creative abilities. Communism involved 'the freedom of every man to do what he can do best',⁷² and such freedom for Morris required simplicity. 'Free men, I am sure, must lead simple lives and have simple pleasures...we are not free men and have in consequence wrapped up our lives in such a complexity of dependence that we have grown feeble and helpless.'⁷³ Simplicity was a sine qua non of freedom; the shackles forged by the complexity and interdependence of modern economic life had, ultimately, to be struck off before Man could recapture the beauty and creativity of labour.

The soul of Man required the evolution of communism in the direction of an anarchic simplicity and it was in just such a direction that Morris believed it would indeed develop.⁷⁴ Thus in a letter of 1888 he wrote he had no 'doubt that gradually all public business would be so simplified that it would come to little more than a correspondence. Such are the facts with us; compare them with the facts with you.'⁷⁵ On this basis economic decisions would be made and economic life conducted. Where there existed a 'conscious...wish to keep life simple',⁷⁶ the direct interchange of information would be all that was necessary to replace the information disseminating role which the market had previously played.

However there was a price to be paid for circumventing, in this manner, the theoretical and practical questions resulting from the abolition of the market and that price was high. It involved in particular the acceptance of a quintessentially rustic ideal of socialism or communism which for all its psychological and emotional appeal and its long pedigree in the history of socialist economic thinking in Britain, provided no answers as to what

form socialism would assume and how it would work in the context of a modern industrial economy. In place of the reality of a dynamic, complex, integrated economy we have in *Nowhere* a stable, simple, pastoral one where labour can take four days to travel up the Thames to help with the harvest not out of necessity or under direction but because it feels the urge to do so.⁷⁷ Here not surprisingly industry and technology obtrude but little and the realities of the late nineteenth century Victorian economy even less.

However, if simplicity was one pillar upon which the principles of anarcho-communist economic calculation and management rested then abundance was the other. Indeed of the two abundance carried the greater weight because a return to simplicity was in large measure predicated upon a material surfeit encouraging a reaction against that narrow materialism with which poverty and the fear of poverty had infused the community. Within the communistic communities he envisaged 'there would be plenty of wealth...to satisfy all reasonable needs'; 'all ordinary necessities and comforts would be so abundant and so cheap that they would be free for everybody to take as he needed'⁷⁸ and in such circumstances most economic problems and questions would simply cease to exist. Thus with respect to distribution, 'When men have lost the fear of each other engendered by our system of artificial famine they would feel that the best way of avoiding...waste of labour would be to allow every man to take what he needed from the common store...Thus would be minimized the danger of the community falling into bureaucracy.'⁷⁹

Where an abundance existed, a whole area of economic calculation had become unnecessary.⁸⁰ In such circumstances it was no longer needful to determine the value of labour's contribution to the productive process in order to establish its reward. There was then no need for a bureaucracy to fulfil the functions which the market in a regime of scarcity had automatically performed. In effect the problem of distribution became one which was essentially administrative rather than economic. It involved the simple physical distribution of an existing material abundance. This was the function of 'markets' in *Nowhere*: they became centres for the physical distribution and acquisition of what was needed rather than for the buying, selling and pricing of commodities. So when the unwitting visitor from Victorian Britain seeing the fine

colours and clothes worn by the population of *Nowhere* asked, 'how can you afford it?' it is easy to understand why his question met such a ribald dismissal.⁸¹ It is a question which presupposes the need for calculation and a method and means of calculation when abundance had rendered such calculation redundant.

Similarly, as regards the allocation of labour. Where abundance existed the problem was transmuted from one which was essentially economic into one which was largely aesthetic or psychological. With a capacity to produce an abundance of life's necessities necessary labour would be reduced to a bare minimum. As Morris put it in the *Manifesto of the Socialist League*, 'the amount of labour necessary for every individual to perform in order to carry on the essential work of the world will be reduced to something like two or three hours daily.'⁸² In such circumstances Morris believed it would be possible 'calmly and thoughtfully to consider what we shall do with our wealth of labour power...I think the first use we ought to make of that wealth...should be to make all our labour...pleasant to everybody.'⁸³ The primary aim in allocating labour ceased, therefore, to be that of maximising national output. Rather abundance provided the freedom to pursue other, non-economic objectives, in particular, for Morris, that of making 'all our labour reasonable and pleasant'; 'all labour even the commonest must be made attractive';⁸⁴ 'I say straight out that unless we find some means to make all work more or less pleasureable, we shall never escape from the great tyranny of the modern world.'⁸⁵ To pursue such an objective might require an element of material sacrifice but where abundance prevailed that would be negligible. Under communism, with the existence of abundance, 'everything will be thought to pay which releases the citizen from drudgery.'⁸⁶

In line with this, labour should be left free to pursue those occupations to which it was best suited and from which it could derive the greatest sense of personal fulfilment. 'This', Morris argued, 'is what is meant by the organisation of labour finding out what work such and such people are fittest for and leaving them to do that.'⁸⁷ Under communism there would be 'opportunity for everyone to follow the occupation suitable to his capacity and idiosyncrasy.' So the allocation of labour would proceed with a view to the attainment of objectives which were essentially non-economic.

The allocation of labour, in the absence of scarcity, had ceased to be an economic problem. In any case, under communism, Morris believed that the primary concern would not be that of allocating labour amongst the remaining necessary tasks but that of how labour might best allocate its abundant leisure.⁸⁹

If then the assumed simplification of economic life allowed the realistic application of crude principles of economic management, the assumption of abundance eliminated most of the problems of pricing, allocation and distribution to which such principles might be applied. Abundance signalled an end to economic calculation; something implicit in Morris' rejection of the need under anarcho-communism, for any kind of valuation or unit of account in terms of which calculation might proceed - 'all shall be without money and without price'; 'men shall have the fruits of the earth and the fruits of their toil thereon, without money and without price.'⁹⁰

Thus the market could be abandoned with impunity; it could be abandoned with the certainty that neither chaos nor coercion would ensue. The concentration of economic and political power in the hands of the state would prove but a passing phase and would rapidly yield to an epoch of freedom, simplicity, abundance and, above all, of rest.

It is true that Morris' pastoral utopia, unlike that of the Owenites, was the explicable outcome of a long historical process; it is true too that his communes were not to exist as co-operative oases in a desert of competitive capitalism. His was a society which had been thoroughly communised, having advanced to that destination by the road of revolution and the socialisation of the means of production. In these important respects Morris' vision differed fundamentally from the experimental communitarianism of the Owenites. Operationally, however, there were marked similarities. In each case socialism or communism was to be founded on a basis of static,⁹¹ rural simplicity where technological advance, asceticism or a combination of the two guaranteed material abundance. In both instances, therefore, the problems of organisation and decision-making were reduced to a point where good will, social sympathy and a capacity for rational thought, were all that was necessary for a solution. For all the power of Morris' imaginative vision of the communist future; for all the lyrical force and visceral appeal of *News from Nowhere*; despite his capacity as a writer of utopian romance

to evoke, compellingly, the instinctual attractions of a secure and unhurried pastoralism,⁹² he failed in that work and in much of his other writing to descend to the prosaic ground of economic science and discuss the economic nuts and bolts of the socialist commonwealth of the future. Specifically he failed to advance a constructive political economy which took cognisance of the economic complexities of a modern industrial economy.

Yet it must be said that apposite as were his self-deprecatory remarks about his competence as a political economist, this should not obscure the outstanding contribution of Morris to nineteenth century socialist thought. Even in his economic writing he had at least the intellectual honesty to confront some of the major theoretical and practical problems which have to be faced in any transition to socialism. He eschewed the psychic security but inward-looking perspective of the experimental co-operative community, he dismissed as atavistic those who sought salvation through a wholesale extension of peasant proprietorship⁹³ and he eschewed the moralisation of a commercial world which he regarded as fundamentally and irremediably immoral. He looked instead to a total transformation of society where workers had secured, if necessary by force, 'all means of the fructification of labour'⁹⁴ and then asked how such a society might best be organised, how and what it would produce, how and to whom this produce would be distributed and how, over time, that society would evolve.

Yet though he posed many of the crucial questions, this was the extent of his achievement, for he failed to grasp just how difficult, with the abandonment of the market, such questions became. It is here that Morris is culpable. Culpable not in the sense of failing to provide satisfactory answers to questions of pricing, distribution and allocation under socialism but in his failure to appreciate and his tendency to evade their complexity.⁹⁵ The tragedy is that while Morris was an inveterate and vituperative enemy of commercialism,⁹⁶ while he equated the 'society of capitalism', which he despised, with a society of 'contract', the socialist commonwealth of *Nowhere* cried out for the integrative and information disseminating role which the market might perform. It needed a market to regulate inter-commune exchanges; a market to provide some indication through prices how resources might best be allocated between and within communes; a market to provide some

indication of value or worth whether of resources or final products; a market, in short to provide information without having to rely on the informed rationality of public assemblies, the intuitive appreciation of social need or the bureaucracy which Morris himself abhorred.⁹⁷ For economic, social, ethical, psychological and aesthetic reasons, however, the market had been anathematized and the road to a decentralised market socialism was closed. The roads which remained, for Morris, were those of economic control by the state and an anarcho-communism of utopian, static simplicity with the former leading by stages to the latter. It is to these alternatives to the market in the work of other late nineteenth century socialist writers that we now turn.

NOTES

1. Wm. Morris, 'Art and Socialism', 1884 in Lectures on Socialism, The Collected Works of William Morris, 24, Vols., London, Longmans, 1915, vol., 23, 192-5.
2. Wm. Morris, 'News from Nowhere', 1890, in Three Works by William Morris with an introduction by A.L. Morton, London, Lawrence and Wishart, 1968, 276.
3. Wm. Morris, 'True and false society', 1888, Lectures on Socialism, 228.
4. As Morris saw it, 'owing to there being rich people who have more than they can spend reasonably, and who therefore buy sham wealth, there is waste on that side; and... owing to there being poor people who cannot afford to buy things that are worth making, there is waste on that side', 'Useful work and useless toil', 1884, Signs of Change, Collected Works, 23, 110.
5. 'True and false society', 1887 in Lectures, 236.
6. Wm. Morris 'The society of the future', 1887, in A.L. Morton (ed.), The Political Writings of William Morris, London, Lawrence and Wishart, 1984, 193.
7. Wm. Morris, Manifesto of the Socialist League, 1885, in E.P. Thompson, William Morris, 851, 'Useful Work', 103.
8. See, for example, 'True and false society', 227.
9. Wm. Morris, 'How we live and how we might live', 1885 in Signs of Change, 9.
10. 'inflation, a glut of goods, and stagnation, these came...from time to time, and of late at shorter intervals and are of longer duration', Wm. Morris, a Lecture of 1884 in M. Morris (ed.), William Morris, Artist, Writer, Socialist, 2 vols., New York, Russell and Russell, 1966, 2, 167.
11. Wm. Morris, 'The hopes of civilisation', 1885 in Signs of Change, 79.
12. 'How we live', 13; 'True and false society', 227.

13. 'How we live', 13.
14. News from Nowhere, 280.
15. 'The society of the future', 196.
16. 'How we live', 9.
17. *ibid*, 13.
18. Wm. Morris, 'The end and the means', 1886 in M. Morris (ed.), William Morris, 2, 428.
19. Thus of the manufacturer in a competitive market economy Morris wrote, 'Whether "wealth" is real or sham matters nothing to him. If it sells and yields him a profit it is all aright', Useful work', 110.
20. *ibid*, 113, 108.
21. Wm. Morris 'Art and the people; a socialist's protest against capitalist brutality; addressed to the working classes', 1883 in M. Morris (ed.), William Morris, 2, 383.
22. Wm. Morris, 'As to bribing excellence', Liberty, May 1895 in M. Morris (ed.), William Morris, 2, 525, 'The compulsion of the market is on all of us, and not only forces us to pay for vulgarities and shabby gentilities, but worse still forces a vast number of workmen to waste their lives in producing them'.
23. Wm. Morris, 'Work in a factory as it might be II', 1884, in M. Morris (ed.), William Morris, 2, 136.
24. 'Useful work', 112.
25. Wm. Morris 'Makeshift', 1894 in M. Morris (ed.), William Morris, 2, 479.
26. 'Art and the people', 389.
27. 'How we live', 8.
28. Wm. Morris, 'Art under plutocracy', 1883, in M. Morris (ed.), William Morris, 2, 78; 'Art and the People', 397-8, 400.
29. 'Useful work', 118.
30. *ibid*, 111.
31. *ibid*, 114.
32. *ibid*, 118.
33. Wm. Morris, 'Thoughts on education under capitalism', Commonweal, 30 June, 1888.
34. 'How we live', 5.
35. 'Art and the people', 397.
36. 'How we live', 7.
37. Thus in 'Useful work', 119, Morris wrote of 'the slaughter of men by actual warfare instead of by slower and crueller methods of peaceful commerce', my emphasis.
38. 'How we live', 9.
39. Wm. Morris, 'At a picture show', 1884 in M. Morris (ed.), William Morris, 2, 415.
40. *ibid*, 129.
41. *ibid*.
42. Wm. Morris, 'How I became a socialist', 1894 in Lectures, 277; see J.B. Glasier, William Morris and the early

days of the Socialist Movement, London, Longmans, 1922, 32. In a letter to J. Bruce Glasier he wrote 'I don't think I ever read a book on Political Economy in my life - barring if you choose to call it such, Ruskin's Unto this Last,' quoted from R. Marshall, Wm. Morris and his Early Paradises, Tisbury, Crompton Press, 1979, 250. While he certainly made a stab at Capital he confessed 'that whereas I thoroughly enjoyed the historical part...I suffered agonies of confusion of the brain over reading the pure economics of the great work', 'How I became a socialist', 278.

43. Thus he wrote in his Diary on 15 February, 1887, 'I don't think I shall ever make an economist even of the most elementary kind', M. Morris (ed.), William Morris, 2, 173.

44. J.B. Glasier, William Morris, 32.

45. Quoted from E.P. Thompson, William Morris, 44; Wm. Morris and E.B. Bax, Socialism, its growth and outcome, 3rd ed., London, 1908, 278.

46. P. Henderson (ed.), The Letters of William Morris to his Family and Friends, London, Longmans, 1950, 282.

47. 'He never lost sight of the economic and social foundations of the future', E.P. Thompson, William Morris, 797; see also P. Meier William Morris, The Marxist Dreamer, translated by F. Gubb, 2 Vols., Hassocks, Harvester, 1978, 2, 275, who stresses the practical intent of Morris' utopian writings.

47. For Meier, Morris wished, in works like New from Nowhere, to show what socialism was and how it could be made to work.

48. In making this distinction and in the discussion which follows from it I have been influenced by Meier's work. See, in particular, William Morris, 2, 282-4.

49. *ibid*, 2, 385.

50. P. Henderson (ed.), Letters, 285.

51. P. Meier, William Morris, 2, 311; he feared eventual excess of power and the bureaucracy of a highly centralised authoritarian State', *ibid*, 2, 303. Thus in a letter to John Glasse in 1887 he wrote that he had 'an Englishman's wholesome horror of government interference and centralisation', quoted from R. Marshall, William Morris, 250.

52. True and false society', 232-3.

53. *ibid*, 233-4.

54. Of this stage in the evolution of communism Morris wrote that 'in my opinion there would be far less centralization than there is at present; a board of officials, a parliament, or any such-like body should not attempt to administer the affairs of the people living a long way off, whose conditions and surroundings they cannot thoroughly understand. Therefore, to my mind, in the new Society we should form bodies like municipalities, county boards and parishes and almost all practical public work could be done by these bodies...of course these bodies would have to

federate for national or international purposes', 'What socialists want', 1888, E.D. Lemire (ed.), The Unpublished Lectures of William Morris, Detroit, Wayne State University Press, 1969, 230-1.

55. *ibid*, 236; in Socialism, its growth and outcome, 290-1, Marx argued with Bax that the transition period would be increasingly characterised by the decentralisation of economic and political power. Of decentralisation they wrote, 'This principle would work in a twofold way. First, locally, as determined by geographical and topographical position, race and language. Second, industrially as determined by occupations. Topographically we conceive of the township as the lowest unit; industrially of the trade or occupation organised somewhat on the lines of a craft or guild'.

56. Wm. Morris, 'Where are we now?' Commonweal, 15 November, 1890.

57. 'True and false society', 232; see also, 'The dawn of a new epoch', 1886 in Signs of Change, 136.

58. 'True and false society', 232.

59. Socialism, its growth and outcome, 291.

60. On this point see in particular Morris' critical review of Edward Bellamy's Looking Backward in Commonweal, 22 June, 1889 in which he wholeheartedly condemned Bellamy's vision of centralised state socialism. 'His scheme', wrote Morris, 'may be described as State Communism worked by the very extreme of national centralization...the impression which he produces is that of a huge standing army, tightly drilled, compelled...to increasing anxiety for the production of wares to satisfy every caprice', *op. cit.*, 250; For Morris, 'individual men (could not) shuffle off the business of life on to the shoulders of an abstraction called the state', *ibid*, 253.

61. 'Dawn of a new epoch', 139.

62. E.P. Thompson, William Morris, 640.

63. 'Dawn of a new epoch', 139-40.

64. Manifesto of the Socialist League, 854-5.

65. News from Nowhere, 280; 'all shall be without money and without price'; 'At last shall all men labour and live and be happy, and have the goods of the earth and the fruits of their toil thereon without money and without price'; 'Men shall have the fruits of the earth and the fruits of their toil thereon without money and without price', A Dream of John Ball, 1886 in Three Works of William Morris, 59, 94, 110.

66. 'The society of the future', 196.

67. P. Henderson (ed.), Letters, 287.

68. 'How we live', 7.

69. *ibid*, 14; Wm. Morris, 'Communism', 1893 in Lectures on Socialism, 272; 'Useful work and useless toil', 110.

70. P. Meier, William Morris, 341, Morris 'credited mankind...with marvellous wisdom in being able to sift out

their needs and voluntarily eliminate all the superfluous ones'.

71. 'How we live', 24-5.

72. News from Nowhere, 275.

73. 'The society of the future', 194.

74. 'My own belief is that once we are bound together by ties of honesty and mutual self-respect all this (economic planning and calculation) will tend to get simpler and simpler, until our business becomes very easy to transact', 'What socialists want', 231.

75. P. Henderson (ed.), Letters, 288.

76. *ibid.*

77. 'Once...I made a rough calculation that the citizens of his (Morris') commonwealth, in order to produce by the methods he advocated the quantity of beautiful and delicious things they were to enjoy, would have to work about two hundred hours a week', G. Wallas, The Great Society, a psychological analysis, London, Macmillan, 1914, 347.

78. 'True and false society', 233; 'Useful work', 107.

79. 'True and false society', 236.

80. D. Fox, The Discovery of Abundance, Simon N. Patten and the Transformation of Social Theory, Ithaca, Cornell University Press, 1967, has rightly stressed the psychologically and intellectually liberating consequences of assuming a potentially abundant material world. However, while the concept of abundance did serve nineteenth century socialist writers as an antidote to a crude, Malthusian pessimism, it also provided the basis for some shoddy theoretical thinking.

81. News from Nowhere, 324.

82. Manifesto of the Socialist League, 851.

83. Wm. Morris, 'Useful Work', 108.

84. *ibid.*, 111.

85. 'Dawn of a new epoch', 138.

86. Socialism, its growth and outcome, 306.

87. 'Dawn of a new epoch', 137.

88. Socialism, its growth and outcome, 306.

89. As Pierson has appositely remarked, 'In the aesthetic utopia portrayed by Morris, objective social and economic forces ceased to operate as significant restraints on the individual', Marxism and the Origins of British Socialism, 86.

90. A Dream of John Ball, 59, 110.

91. For a discussion of the abstraction from the fourth dimension in Morris' utopian writing, see P. Meier, William Morris, 2, 566.

92. As well as News from Nowhere, see, for example the idealized pastoral vision presented in The Pilgrims of Hope, 1886, in Three Works by William Morris.

93. He believed it to be 'preposterously futile to graft a class of independent peasants on our system of wages and capital', 'The hopes of civilisation', 78.

94. Wm. Morris, 'Whigs, democrats and socialists', in Signs of Change, 37.

95. One can accept that Morris, as A.L. Morton phrases it, 'refused to allow himself to be drawn into secondary details about the machinery of production' under socialism, Introduction, Three Works by William Morris, 27. However, while it may be legitimate to stress the futility of any attempt to elaborate a detailed blueprint for the socialist economy of the future, a failure to suggest some basis upon which the how, when and where of production and the pricing of goods might be decided must be considered a failing.

96. E.P. Thompson, William Morris, 813, 'any flavour of "commercial" dealings pulled him up short. A sculptor once asked to borrow £10 from him to buy marble and tactlessly offered interest. "What?", answered Morris, "Do you think I'm a damned pawnbroker." ' Commerce and commercialism were terms which were rarely used in anything but a derogatory fashion by Morris and usually accompanied with a damning adjective such as 'sordid'.

97. On this point see J. Vanek's argument that 'the labor-managed economy must always be a market economy', 'Identifying the participatory economy' in B. Horvat (ed.), Self-Governing Socialism, 2 Vols., International Arts and Sciences Press, White Plains, 1975, 2, 137.

Chapter 11

The Political Economy of State Socialism

This chapter considers the work of five writers - three British and two who lived and worked mainly in the United States. The three indigenous writers discussed are H.M. Hyndman, who saw himself, and to be fair, was seen by many contemporaries as the foremost English interpreter and purveyor of Marxian political economy;¹ Robert Blatchford, the most effective propagandist of the late nineteenth century socialist revival, whose *Merrie England*, 1894, was for many their first, if idiosyncratic, introduction to socialist political economy;² and J.L. Mahon agitator and organiser at various times in the 1880s for the Scottish Land and Labour League, the Social Democratic Federation, the Socialist League and the North of England Socialist Federation; a man who, despite his arrogance and destructive capacity for political intrigue, represented, in the words of E.P. Thompson, 'what is finest in the pioneering spirit which first brought the propaganda of socialism to the masses.'³ The two American writers considered are Laurence Gronlund⁴ and Edward Bellamy⁵ whose major works, *The Co-operative Commonwealth*, an exposition of modern socialism, 1884, (English edition, 1885) and *Looking Backward, 2000-1887*, 1888, were both widely read and influential in British socialist circles, contributing to and strengthening that indigenous strain of socialist thought which saw the state as the primary means of effecting a revolutionary transformation of society.⁶

The object of this chapter is not to trace the intellectual evolution of any one of these writers, still less to provide a survey of their writings on socialism but rather to consider by reference to selected works their contribution to the political economy of state socialism. In some respects it is

of course misleading to treat these writers as a group for their views on many important theoretical and practical questions differed widely. In particular Blatchford, who looked in the long run to the creation of a society organised on Morrisian anarcho-communist lines, sits uneasily in the company of those for whose socialism the organic unity and clear direction provided by the state was fundamental and whose writings, as Blatchford's do not, reflect the influence of Marx.⁷ Also J.L. Mahon's socialist imperium in (capitalist) imperio as expounded in *A Labour Programme*, 1888, was markedly different from the socialist transformation of capitalism envisaged by Gronlund and Bellamy.

Yet without wishing to minimise these differences it is both legitimate and useful to consider these writers as a group. First, because their critique of capitalism and the market economy is characterised by important common themes. Secondly, because they give a central role to the state both in establishing a socialist commonwealth and in fulfilling economic functions previously performed by the market. Thus even though Blatchford professed himself 'always' to 'have been a communist of the William Morris type' whose 'ideal of Socialism' was 'contained in *News from Nowhere* and while in his autobiography he expressed a strong fear of 'laws' and 'being governed too much'⁸, in both *Merrie England* and *Britain for the British*, 1902, state socialism was quite clearly seen as a means, at least in the short run, of advancing society towards his ideal conception of socialism.⁹ Thirdly, it is justifiable to treat these writers as a group because, as will be made clear, the theoretical basis of their political economies of state socialism rested upon similar simplifying assumptions.

At a theoretical level what most obviously distinguishes the critical political economy of Bellamy, Gronlund, Hyndman and Mahon from that of their early nineteenth century counterparts was that while the latter saw labour exploitation as a market generated phenomenon with its roots in the inequality of exchanges, these writers, influenced directly or indirectly by Marx, located exploitation outside the market at the point of production. Exploitation did not derive from a distortion of values from their natural level produced by disparate bargaining strength but rather from the commoditisation of labour which resulted from the exclusive ownership by a

capitalist class of the means of production.¹⁰ Thus, for a writer like Hyndman, commodities did exchange in the market according to 'the quantity of simple, abstract, necessary, social human labour' which they embodied and 'All exchanges [were] upon the average conducted on an equality.'¹¹ Further, labour power exchanged 'like other commodities in the market' at its value, that value 'being regulated by the amount of social labour embodied in the cost of production.'¹² Here the differences in critical analysis between the earlier and later generation of socialist writers are clearly illustrated. As against early nineteenth century socialists, a writer like Hyndman believed that goods did exchange at their labour embodied values, that market exchanges were generally of equal values and that as a commodity labour also sold at its value.¹³

The essentially Marxian theory of labour exploitation adhered to by writers like Gronlund, Hyndman, Bellamy and Mahon did not, therefore, provide the basis for the kind of attack upon the market which characterised the work of early nineteenth century socialist writers. They did not complain, for example, that the market inevitably failed to transmit an accurate notion of the exchange value of commodities. Exploitation occurred not because commodities exchanged above or below their values but because labour was treated as a commodity at all. These writers attacked the market for commoditising labour, not because it distorted the exchange values of all commodities, labour included. Thus in contrast to early nineteenth century socialist writers their understanding of labour exploitation was a sufficient condition for rejecting the market. To end exploitation what was vital was not that labour exchanged at its value but that it ceased to be bought and sold, that it ceased to be a commodity at all. The decommoditisation of labour demanded the market's destruction.

Blatchford's understanding of exploitation and the formation of values in the market was different. Indeed his views on value are, mercifully, unique. For Blatchford, goods should exchange at a price which reflected their utility to the purchaser. Goods should exchange at their use-values, these being given by the cost involved in using the closest substitute for the commodity actually desired. Thus, for example, the use-value of coal would be the cost involved where a consumer had to use wood rather than coal as a fuel.

For Blatchford the market failed to generate such values and the reason for this was competition. Value should not be left to be determined by the competition of buyers and sellers; it should not be established by the relative strength of the forces of supply and demand or the economic muscle of those who bought and sold.¹⁴ Thus Blatchford believed that 'The supply of coal does not affect the value of coal. Coal is valuable to men not because there is very little or very much of it but because it is useful to them.'¹⁵ However, 'in the commercial world where prices are ruled by competition, buyers do not pay for an article the price it is worth to them but only the price which the seller is able to demand.'¹⁶ The main victims of this were the producers, the working-class who were invariably denied a just reward for the utilities they created. Thus, for Blatchford, 'Competition [was] the instrument by which in the commercial world one man possesses himself of the fruits of other men's labour.'¹⁷

Only where there was one seller would the pernicious effects of market competition be avoided. For, 'If there is only one seller he can get from the buyer, the full use-value of the thing sold.'¹⁸ Thus if monopolies existed in all sectors of industry, it would then be possible to charge the full use-value of the goods and services being consumed and the potential would exist for those who produced them to receive a fair remuneration for their labour. So 'What we want', he wrote, 'is a monopoly which will raise wages and keep down rent and interest...There is only one kind of monopoly that can do this, and it is a State monopoly.'¹⁹ Specifically, Blatchford argued that the state should establish control over the means of production, distribution and exchange - 'the land and all the machines, tools and buildings used in making needful things, together with all the canals, rivers, roads, railways, ships and trains used in moving...needful things shall be the property of... the whole people.'²⁰ Given this the state could exercise monopoly power over the level of prices which prevailed in the economy to ensure that they matched the use values of goods and services produced and by so doing the state could guarantee to labour an adequate, 'living' wage. Thus Blatchford arrived at the need for the abolition of the market and the introduction of state socialism by a different route from that of Hyndman, Bellamy, Gronlund and Mahon. Blatchford took his stand upon

the early nineteenth century notion that market competition caused the deviation of price from 'natural' values but then proceeded to develop this idea in a different direction. To establish natural prices it was necessary to substitute monopoly for competition. However, monopoly power could only be safely vested in an authority subject to public or social control. Therefore, the state should monopolise ownership of the nation's productive resources. Just how, for Blatchford, it would then fulfil the pricing and other functions previously performed by the market is something which will be considered later in this chapter.

If Blatchford differed from the rest in his conception of the pernicious role played by the market in the exploitation of labour and the pricing of commodities he was at one with Hyndman, Mahon, Bellamy and Gronlund on the root cause of its other many and obvious failings, namely its unplanned and anarchic nature.²¹ Thus while on the one hand contemporary capitalism was characterised by the growing scale and interdependence of production which was manifestly and increasingly a social act, private ownership of the means of production entailed uncoordinated, individualistic, economic decision-making. This contradiction was at the root of the evils which afflicted capitalism. As Hyndman put it, parroting Marx, 'the many antagonisms of our existing social system arise out of the mutual antagonism between social production and individual ownership and exchange;²² while 'there was socialisation in the workshop, in the factory, in the mine, on the farm', there was 'anarchy, unrestrained anarchy in the exchange [of goods].'²³ While the activity of individual enterprises might be carefully planned and co-ordinated this conscious organisation of economic life did not extend to the relationships between firms or between sectors of the economy as a whole. So, 'the rigid social organisation of production' contrasted with 'the social anarchy in 'general production.'²⁴

For Bellamy too production had been abandoned to the haphazard efforts of individuals²⁵ who produced not with any direct knowledge of human needs but with a view to profit in the market; entrepreneurs had, 'no means of knowing just what demand there was for any class of products or what was the rate of supply.'²⁶ In such circumstances decisions were inevitably made on the basis of ignorance. Capitalists were ignorant of the extent of the market and they were ignorant of the

intentions of their competitors. As Bellamy phrased it, 'the projector having no general view of the field of industry and consumption...could never be sure either what the people wanted, or what arrangements other capitalists were making to supply them.'²⁷ In the absence of any 'common control of the different industries and the consequent impossibility of their orderly and co-ordinate development',²⁸ disastrous micro and macroeconomic consequences were inevitable. There was 'waste by mistaken undertakings...waste from competition and mutual hostility...waste by periodical gluts and crises, with...consequent interruptions of industry...waste from idle capital and labour at all times.'²⁹ Thus where 'manufacturers do not know as a rule what their neighbours are doing'³⁰ crises of 'overproduction' were almost inevitable. Further as economic life became more complex and inter-dependent the crises resulting from ill-informed decision-making would become more serious. Quoting *Looking Backward*, 'in proportion as the industries of the world multiplied and became complex and the volume of capital involved was increased...business cataclysms became more frequent';³¹ economic crises came 'at intervals constantly decreasing and their effects lasting longer when they came.'³²

As Gronlund saw it too, 'production by all these [capitalist] manufacturers...must necessarily be absolutely planless. It depends altogether on chance...All their production, all their commerce is thus in the nature of gambling. A thoughtful observer will see that this planless production must end in overproduction'; economic crises were, therefore, 'the result of planless work' and the 'absolute Social Anarchy' which pervaded 'our whole economic sphere.' Similarly, for Blatchford, 'the industries of England[were] not ordered nor arranged but are left to be disordered by chance and the ups and downs of trade.'³³

Under competitive capitalism there was, therefore, the 'uncertainty, depression, starvation, degradation' and 'waste from idle capital and labour'³⁴ which attended economic crises in particular and ill-informed economic decision-making in general. In addition the very complexity of the arrangements for distribution and exchange which a market economy necessitated involved further waste. There was, for example, 'the expenditure of capital on advertising, sorting, grading, warehousing and packing commodities, in order to facilitate their exchange into money';³⁵ activities which added

nothing to the value of goods and services. In addition there was 'the work done...by the merchants, traders, storekeepers, retailers, agents, commercial travellers and middlemen of all sorts with excessive waste of energy in mindless transportation and the interminable handlings';³⁶ labour which Bellamy believed could be performed by one tenth the number of hands which the market required. The market was a needlessly complex and therefore cumbersome and wasteful mechanism for distributing goods from producers to consumers necessitating 'endless exchanges to bring about any sort of general distribution of products.'³⁷ Further, related to the waste of a needlessly complex and overmanned distributive system, there was that resulting from the financial paraphernalia which market exchange required - 'the thousand operations connected with the financial operations of all sorts whereby an army of men is...taken away from useful employment.'³⁸ The market failed, therefore, both as a co-ordinating, equilibrating and information disseminating mechanism; disorder, uncertainty and above all waste were the inevitable consequence.

In addition to the more narrowly economic, there were also the social, psychological and ethical consequences of participating in a market economy. Thus Bellamy in *Looking Backward* attacked through the medium of his character, Dr. Leete, the nature of the social relationships which the market engendered. By the year 2000, as this character pointed out to his Victorian visitor, it was possible to 'interchange gifts and favours out of friendship' but 'buying and selling' had been abolished because it was 'considered absolutely inconsistent with the mutual benevolence and disinterestedness which should prevail between citizens...According to our (Bellamy's) ideas buying and selling is essentially anti-social in all its tendencies.'³⁹ So, in order to put economic and social relations on a different footing the 'higgling, bargaining, lying and cheating of the ordinary shopkeeping system' had to be 'superseded.'⁴⁰

These sentiments were shared by Blatchford and Mahon who saw the competitive market as encouraging a process of natural selection which resulted in the survival of those whose behaviour was the most morally repugnant. For Mahon, under the pressure of market forces, only the 'most cunning, greedy, over-reaching and unscrupulous survive'⁴¹ while for Blatchford, in the anarchy of the market, where

'social warfare, warfare to extermination point' prevailed, 'the basest and vilest had the advantage for the vile man and the base will fight with more ruthlessness and fewer scruples.'⁴² The market winnowed human kind until only the chaff remained.

This denegation of social relationships and moral behaviour was paralleled by the debasement and psychological mutilation of Man himself. Bellamy through his character Julian West made the point as clearly as any, 'if I were asked', said West, 'the most distinguishing felicity of this age (2000 A.D.), as compared to that in which I first saw light (late Victorian), I should say that to me it seems to consist in the dignity you have given to labor by refusing to set a price on it and abolishing the marketplace forever. If exploitation was no longer seen as originating in the market, it was the market nonetheless which commoditised labour, which debased its status to that of a saleable resource⁴⁴ and which by pricing it as a thing stripped it of its human qualities and rendered it vulnerable to capitalist exploitation. In the words of Hyndman, Man 'becomes not an individual but simply so much "food for capital", a mere hand to provide surplus value.'⁴⁵ Thus one of the great advantages of a socio-economic order from which the market had been banished was that it 'relieved the worker from the necessity of selling himself as a ware.'⁴⁶

Finally on the psychological plane these writers, as did their early nineteenth century counterparts, saw the market economy as a general source of angst and uncertainty.⁴⁷ There was the uncertainty of fluctuating wage rates and prices, there was 'the uncertainty of continuous employment in the case of the wage-earner'⁴⁸, there was the 'never-ceasing chances and changes in the conditions of his daily labour'⁴⁹ and there was the general uncertainty induced by the continual scramble for personal survival where absolute destitution was the price of failure. Bellamy's time-traveller painted a graphic picture of the human costs, 'how drawn and anxious were the faces of the poor... And well it might be so, for I saw now, as never before I had seen so plainly, that each as he walked constantly turned to catch the whisper of a specter at his ear, the specter of Uncertainty.'⁵⁰

These then were the main failings of the competitive market; for these reasons the market had to be banished from the socialist commonwealth of the future. Yet there was no need to plan for

and consciously effect its destruction. Its days were already numbered.⁵¹ By the last quarter of the nineteenth century the market had, under the auspices of industrial capitalism, gone a long way to abolish itself. Such was the nature of market competition that industrial concentration eventuated, as the ruthless, the efficient and the fortunate squeezed out those who lacked such qualities or did not possess them in sufficient measure. In consequence economic activity was increasingly characterised by monopolistic or oligopolistic arrangements. Thus, for Hyndman, 'competition reach(e)d its logical term in combination and monopoly'; 'Each successive crisis now tends to the still further establishment of industrial monopoly. The smaller organisms in every department of trade are being relentlessly crushed out. Trusts, combines, corners now pervade every department of production.'⁵² 'The Trusts are coming', wrote Blatchford, 'the Trusts which will swallow up the small firms and destroy competition: the Trusts which will use their monopolies not to lower prices but to make profits.'⁵³ For Mahon too, the market was, by the 1880s increasingly becoming a speculative figment of the theoretical maunderings of orthodox political economists. The reality of the market as it was understood by classical and neo-classical writers had long since disappeared. As Mahon saw it, in response to the chaos, waste and uncertainty of the free market, capitalism had created trusts, rings, syndicates and cartels, 'desperate attempts to seek refuge in co-operation (if a very unsatisfactory type) from the fierce competition which is devouring profits and capital alike.'⁵⁴ So the failings of the market had dictated a departure from the market's competitive ethos and logic. These monopolistic and oligopolistic arrangements represented both the necessary historical culmination of market capitalism and its effective burial.⁵⁵ For the future, therefore, the choice was not between the anarchy of the market and conscious rational planning but between planning carried out in the context of monopolistic capitalism for private gain and planning implemented by a socialist state for public benefit. For Mahon monopolies were to be condemned, therefore, not because 'labour' was 'badly organised' but because they 'organised (labour) for a bad purpose.'⁵⁶ All that was necessary then was to take the emerging monopolistic forms of industrial organisation, subject them to public

control and run them with a view to social welfare rather than to private gain.

Similarly, for Hyndman, 'when the company form on a large scale has been attained, either in production or distribution, there the economic development has already reached the point at which the state can easily step in and advantageously substitute a public service for a shareholders' organisation or monopoly.'⁵⁷ Thus, like Marx, Hyndman believed that the embryo of the new socialist commonwealth was already gestating in the womb of the old social order and that it was but a short step from an increasingly monopolistic capitalism to a state socialist commonwealth.⁵⁸ So given, in the words of Gronlund, that 'the central regulative system has silently put in an appearance and is irresistibly organising one social activity after another'; 'given the need, in the words of Hyndman, for 'social production according to a predetermined plan'⁵⁹ how, and by reference to what criteria would the central organisation and direction of economic activity proceed in such a socialist commonwealth?

On the question of valuation or pricing under socialism, these writers, Blatchford excepted, were of one mind. Thus Hyndman believed that under socialism, valuation would proceed in terms of units of labour time. 'In a society where goods should be produced for general use and labour expended co-operatively...The question would be, how many hours of average time will be needed to produce so many tons of iron, so many coats, so many hats etc., as may be sufficient to supply all the wants of the community...When this was settled, and the goods were available, anyone who knew the figures could tell - not indirectly but directly - precisely how much social labour as measured by time was incorporated in every useful article to be found in the communal stores.'⁶⁰ So for Hyndman, average socially necessary labour time was to be the unit of account and values were to be objectively determined by reference to the labour they embodied.

Bellamy uses his character Dr. Leete to advance a similar solution to the question of how, under socialism prices would be established in the absence of the market. Addressing his Victorian visitor he stated that 'the cost of labour which produced it was recognized as the legitimate basis of the price of an article in your day (1888), and so it is in ours...it is the relative number of hours constituting a day's work in different trades...This calculation applied to the labour employed in the

various processes of a manufactured article gives its price relative to other articles.' Where labour was considered as more difficult its value would be considered 'more, where less difficult its value is lower.'⁶¹

Gronlund too sought to turn the labour theory of value from a tool of critical analysis into an operational construct. Goods in the 'Co-operative Commonwealth' would be valued in terms of labour time and further would be exchanged against currency similarly denominated, for 'would not a definite amount of labour be a far more appropriate constant and convenient measure than a definite weight of precious metal?...We therefore apprehend that just as a bank note is a promise to pay on demand...labour checks will promise to pay on demand the value of say one day's labour.' Goods would, therefore, 'exchange at various depots...of the Commonwealth for labour checks...The bazaars will be one price establishments. The wares will have what Ricardo termed their natural value...the amount of human labour embodied in them.'⁶² So, as with an earlier generation of socialists labour time would provide the objective, natural and stable standard of value under socialism.

It is not necessary here to review once again the major theoretical problems involved in applying this method of pricing. It suffices to say that these writers got no nearer to solving these difficulties than early nineteenth century writers nor, more importantly, did they show any greater awareness of their complexity. These writers therefore advanced no nearer a non-market solution to the pricing of commodities than that which had already been proven redundant by the fiasco of the labour exchanges.

Blatchford's position on the matter of pricing was different. Certainly he made the point in *Merrie England* that 'the just basis of exchange value consists in the amount of labour embodied in the things exchanged'⁶³ and he would undoubtedly have been in favour of expressing prices in terms of units of labour time but his solution to the problem of pricing was essentially that of the 'moral economist'. For Blatchford, prices should be established by reference 'to the needs of producers. The state should, therefore, 'regulate the price by wages and not the wages by price'⁶⁴ so that prices would be established which would ensure 'the proper keep' of the producer.⁶⁵ It was to be by reference to the needs of the worker rather than

to any objective assessment in terms of labour time expended that the price of goods would be established.

This attempted simultaneous solution of the problems of pricing and distribution locked Blatchford into some delightfully circular reasoning. Thus prices would be determined by wages but, given that wages must have a real purchasing power equivalent to producer needs, they could only be established by reference to prices; but prices could not be set until the level of wages had been determined. However, leaving this aside, the point to make is that Blatchford argued for the determination of prices by the state by reference to criteria similar to those advanced by the 'moral economists' of Chapter 2 and he believed that once the means of production had been nationalised by the state the natural prices appropriate to a moral economy would prevail. Of course this left Blatchford with the same problem as that of the early nineteenth century writers, namely how needs were to be fairly and accurately established but it should be noted that, in the absence of market prices, the problem was one which was infinitely more complex.

On the question of distribution opinion varied as to the basis upon which it would proceed under socialism and in the absence of the market. Gronlund and Mahon both linked reward to labour effort. Thus Mahon stressed that 'the rule that actual wealth produced would belong to those who produced it would still hold good' in his co-operative commonwealth, while Gronlund wrote that his 'commonwealth (left) everybody at perfect liberty to work as much or as little' as desired 'but (made) consumption exactly commensurate with performance.'⁶⁶ 'Suppose', he wrote, 'the whole manufacture of cotton were controlled by the cotton workers. They could ascertain the quantity of labour per worker embodied in their products. From this datum the remuneration to be paid to each worker would be a simple matter of figures.'⁶⁷ However, neither Gronlund nor Mahon discuss at any length the theoretical and operational difficulties of effecting distribution in this manner. Their labour-embodied approach to distribution without the market was consistent with that of early nineteenth century socialist writers and continued to manifest all its characteristic deficiencies.

For Hyndman 'distribution 'must be 'for each according to his needs', while for Blatchford

'living wage' was 'to be fixed by officials of the nation or the towns' so that all would have 'enough' to keep them and their family in reasonable comfort⁶⁸. Here socialist thinking was back in the era of the moral economists when just wages were to be established by reference to need. The problem which then arose of course was how, in the absence of a market, need was to be estimated or indicated? The position of Hyndman and Blatchford on this question will be discussed below in connection with their discussion of allocation, but it can be said at this point that once again their approach manifested all the inadequacies of an earlier generation of socialist writing, while lacking its pioneering spirit.⁶⁹

The most interesting approach to the determination of labour's reward under socialism was that of Edward Bellamy. Bellamy saw it as 'the business of the administration' to see that 'the supply of volunteers (labour) is...fully equal (to) the demand.' 'If there be a notably greater excess of volunteers over men needed in any trade, it is inferred that the trade offers greater attractions than the others. On the other hand, if the number of volunteers for a trade tends to drop below that demand, it is inferred that it is thought more arduous. It is the business of the administration to seek constantly to equalize the attractions of the trades, so far as the conditions of labour in them is concerned, so that all trades shall be equally attractive to persons having natural tastes for them. This is done by making the hours of labour in different trades differ according to their arduousness...There is no theory, no a priori rule by which the respective attractiveness of industries is determined. The administration simply follows the fluctuations of opinion among the workers themselves.'⁷⁰ Thus assuming a fairly constant general wage, the state, in effect, responds to fluctuating labour supply by varying the payment per unit of labour time. When supply is deficient such payments rise as hours are shortened, where an excess supply exists, such payments fall as hours are lengthened. Having abolished the market determination of price, therefore, Bellamy unwittingly rehabilitates it in order to solve the problem of how to distribute rewards in such a way as to equalise the supply and demand of labour.

As regards the allocation of resources and the matching of supply and demand at an aggregate level,

there was, however, a general tendency to move from the idea that economic calculation would proceed in terms of values to the idea that such calculation could be conducted in purely quantitative or physical terms. This was a conviction that was largely rooted in the belief that under socialism production would be for use rather than exchange and that in such circumstances social utility, rather than exchange value, could be a direct guide as to what and how much to produce. As Hyndman saw it, socialism would be characterised by 'the transformation from competition and production and distribution for profit, to co-operation and production and distribution for use. Raw materials and goods of all kinds would then be produced and warehoused in State and communal stores for the service of all who formed part of the co-operative commonwealth.'⁷¹ Such production for use rather than profit involved a concern with the concrete material characteristics of needs and the means of satisfying them rather than any abstract notion of value. It involved a deliberate matching of goods with wants that did not involve or require their valuation. The problem of pricing goods and services to determine the optimum allocation of resources could, therefore, be evaded. It is true that Hyndman suggested the use of labour time as a unit of account but there is no indication that it was to be used by the state or any central planners as the basis for rational economic decision-making with respect to allocation. Rather it would seem that Hyndman looked to the use of labour time as a means of estimating what volume of labour would be necessary in particular lines of production *once it had been decided* by direct reference to society's needs the physical quantities which were to be produced - 'The question would be *How many* hours of labour time will be needed to produce so *many tons* of iron, so *many* of coals', so *many* hats etc., as may be sufficient to supply all the wants of the community.'⁷² Labour time would be used, therefore, as an aid to administrative or logistic calculations rather than those of an economic nature. How best to use available scarce resources would still be decided by direct reference to the perceived social utility of goods rather than indirectly by reference to price. Allocative decision-making would, therefore, precede pricing and proceed by reference to the direct quantitative estimation ('how many') of needs. Again we are back with the solutions of early nineteenth century

communitarian socialism only without the simplification of the economic world which communities allowed.

There are also indications of this physical approach in Bellamy's *Looking Backward*. Thus when Dr. Leete was questioned as to how the socialist state of the year 2000 performed the 'complex and difficult function of ensuring that the right quantity of goods are produced and in the right proportions',⁷³ he insisted that this task was comparatively straightforward. The state was in the potentially omniscient position of a 'general in a balloon, with *perfect survey* of the field',⁷⁴ and this allowed it to establish 'estimates' of demand which '*estimates...deal directly with real things.*'⁷⁵ Similarly as regards the allocation of labour it was by reference to physical characteristics - 'a man's *natural endowments mental and physical*' that decisions would be made as to 'what he can work at most profitably to the nation and most satisfactorily to himself.'⁷⁶ It was by reference to a man's natural attributes and capabilities that decisions would be made as to how best to utilise labour. In such calculation price played no part.

Other passages in *Looking Backward* might also be interpreted as indicating a predilection for calculating in physical terms. Thus Bellamy wrote that in the twenty-first century socialist commonwealth of his imagination there would be 'neither buying nor selling...the distribution of goods is effected in another way...as soon as the nation became the producer of all sorts of commodities there was no need of exchanges between individuals... Everything was procurable from one source. A system of direct distribution from national storehouses took the place of trade and for that money was unnecessary.'⁷⁷ This would suggest no money, no pricing and the direct distribution of goods on the basis of physical need. However, closer scrutiny reveals that Bellamy is here discussing the administrative arrangements for the handling of goods rather than suggesting that such goods should be distributed without reference to price and value. Money would disappear as a medium of exchange but it would still continue to fulfil its functions as a unit of account even if denominated in terms of labour time.

In J.L. Mahon's writing too there is a tendency to see calculation and decision-making within a nascent socialist economy proceeding in physical terms. Thus as regards allocation Mahon believed

that, 'The organisers of labour in a co-operative system have distinct and definite work before them. They must devise arrangements for estimating the needs of society and the capacity of labour machinery and natural resources for satisfying those needs.' 'Estimating the wants and capabilities of the different parts of the country or nation is a very simple matter which need scarcely be touched upon. The labour power of each town or village is easily ascertained, the yield of the land and mines can be very nearly calculated.'⁷⁸ For Mahon, therefore, allocation was essentially the matching of manifest needs with the nation's resources; the physical productivity of land, labour and capital. In terms of the volume of information gathering necessary for productive capacity to be optimally utilised, resource allocation became, 'a very simple matter.' In this context too it should be noted that Mahon stressed that 'workers' in a socialist commonwealth 'were to make things for their own use and not for sale'⁷⁹ a statement which implies not only the abolition of the market but also the transcendence of any need to price for intra-commonwealth exchange. It implies also that concern would be with material characteristics of what was produced rather than with any notions of value or price.

Mahon did recognise the need for pricing and adhered to the belief that pricing in a socialist commonwealth would be in units of labour time; such valuation presenting, as he saw it, 'no practical difficulties worth discussing.'⁸⁰ Yet there is a failure to show how this might be married with the idea that allocation would proceed by the simple, quantitative matching of physical resources with needs. For Mahon questions of pricing and allocation were treated as distinct.

One writer who did not treat pricing and allocation as discrete problems was Gronlund. For Gronlund it was the state's duty to approve an 'annual' list of labour time prices and then assume responsibility for the maintenance of the conditions necessary for price stability at both a micro and a macroeconomic level by varying the level of output. 'The Commonwealth (would), wrote Gronlund, use its vast power over the conditions of Demand and Supply to establish and reserve economic equilibrium. It undoubtedly can by proper foresight and abundant statistics approximately adjust the supply of all products to the demand for them; and so make supply and demand balance each other. We think the Commonwealth will be quite successful

in keeping prices *steady* and in making the discrepancies caused by demand and supply extremely small. We think so because we see with what accuracy the manager of a large hotel hits upon the proper quantities of innumerable articles of food required by his guests.⁸¹ Here Gronlund sees the state as reacting to market disseminated information on the physical shortage or surplus of goods by altering output and the structure of output to eliminate these at a *predetermined* level of prices. The state would act like the manager of a large hotel responding to the changing demands of his guests by increasing or diminishing the physical flow of what they consume. Yet the assumption of fixed prices, objectively computed in terms of labour time, led Gronlund also to approach the problem of optimally allocating resources as one of physically matching demand and supply. Fluctuations in demand would be met by changes in output rather than movement in the price level. Once prices were fixed demand would be quantitatively estimated. There is no attempt here to use information on price movements in the market as a guide to allocation.

Finally, on the question of how to optimise the utilisation of resources, there is Blatchford, who believed allocative decisions could be made by reference to direct estimates of the social utility of what was being produced. The result was a prioritisation of productive activity which would have been familiar to any Owenite communitarian and one which was singularly agrarian when juxtaposed to the realities of late nineteenth century industrial capitalism.⁸² As Blatchford put it in *Merrie England*, 'I would set men to work to grow wheat and fruit and rear cattle and poultry for their own use. Then I would develop the fisheries and construct great fish-breeding lakes and harbours. Then I would restrict our mines, furnaces, chemical works and factories to the number actually needed for the supply of our own people.'⁸³ Here Blatchford is thinking in terms of a physical model where the most obvious need is supplied first and the less obvious human needs are catered for as and when the productive capacity of the community allowed.⁸⁴ Thus Blatchford's emphasis on use value led him to suggest a direct physical assessment of need which circumvented the necessity for calculation in terms of value. This did not, however, obviate the difficulty of translating quantitative needs simultaneously into money wages and price, a problem which, in fact, Blatchford

neither recognised nor confronted.

Blatchford's aim was, in any case, to dispense altogether with the need for pricing or valuation under socialism. This was the ideal Morrisian destination at which he hoped and believed socialism would arrive, after the transitional 'practical' period when the state would wield substantial economic power.⁸⁵ 'By degrees,' he wrote, I would make all things free. So clothing, lodging, fuel, food, amusement, intercourse, education and all the requirements for a perfect human life should be produced distributed and enjoyed by the people without the use of money';⁸⁶ 'Under Ideal Socialism there would be no money at all, and no wages. The industry of the country would be organised and managed by the state...goods of all kinds would be produced and distributed for use, and not for sale, in such quantities as were needed...every citizen would take what he or she desired from the common stock. Food, clothing, lodging, fuel, transit, amusements, and all other things would be absolutely free.'⁸⁷ Ultimately, therefore, there would be no need for a unit of account, no need for valuation or pricing, no need, in effect for economic but only for administrative or logistic calculation. Economic problems would no longer exist but only those associated with the physical distribution of goods. The parallels here with early nineteenth century communitarianism are clear.⁸⁸

In addition to this predilection for reducing economic calculation to the computation of physical magnitudes there is also in these writers' works a tendency to scale down problems of socialist economic management to crudely simple proportions. This is particularly apparent in the analogies they used when discussing a socialist economy. For example, Gronlund likened the problem of equilibrating demand and supply in a socialist economy to that faced by the manager of a large hotel who inevitably 'hits upon the proper quantities of the ⁸⁹ innumerable articles of food required by his guests' through a process of trial and error. In a similar vein the management of a socialist economy was likened to the conduct of an individual enterprise under public control. Thus, for Blatchford, 'The industry of the country (could) be organised and managed by the state, much as the post office now is';⁹⁰ while, for Gronlund too, the economic organisation of a future co-operative commonwealth would present problems different in scale but no different in kind from those involved in managing existing

public enterprises such as the post office or small co-operative establishments. As he put it in a pamphlet entitled *Socialism versus Tax Reform*, 1887, the socialist commonwealth he envisaged was 'intended to be a vast co-operative establishment' which would be, in effect, 'nothing but a small co-operative establishment on a large scale.'⁹¹

J.L. Mahon too scaled down the problems of managing a socialist economy, not so much by analogy as by the kind of socialist commonwealth which he contemplated. Mahon attacked previous and existing schemes of co-operative production on the grounds that they produced for a 'capitalistic market.'⁹² In so doing they became prey to all the pressures of competition and in consequence they were forced to conduct their operations in a way little different from their capitalist rivals. The material consequences for the employees of co-operative enterprises were, therefore, much the same as for those employed by capitalist entrepreneurs. For Mahon, therefore 'Co-operative production (was) only worthy of the name if it (was) a union of workers to supply their own wants by their own labour. The very carrying out of such a scheme may seem difficult but it is really much easier than producing for the capitalistic market. The scheme would need to be practically independent of the outside markets and unaffected by competition.'⁹³ What Mahon suggested, was a self-sufficient, inter-dependent, co-operative system of production functioning, for the immediate future at any rate, in the general economic context of a capitalist economy.

There are echoes here of the autarkic, co-operative community insulated from the pernicious economic, social and moral influences of the capitalist market economy. However, Mahon's scheme differed with respect to the scale upon which it would proceed (10,000 families), its emphasis upon industry and as regards Mahon's determination to acquire existing productive capacity rather than constructing a socialist commonwealth from bedrock. Further Mahon gave a crucial initiating role to the state⁹⁴ while his general vision was of a future socialist commonwealth where economic activity was subjected to a large measure of central co-ordination and directive.⁹⁵ Thus within his co-operative commonwealth Mahon envisaged 'organisers of labour' whose responsibility it would be to 'devise arrangements for estimating the needs of society and the capacity of labour, machinery and natural resources

and the production of certain quantities and qualities of goods.'⁹⁶ This was very different from the decentralised communitarianism favoured by the Owenite socialists.

Yet there is much in the constructive political economy of Mahon which is strongly reminiscent of the Owenite community. 'Workers (were) to make things for their own use and *not for sale*', the primary object always being to supply each other's needs rather than to maximise exchange value; 'Stores...would simply be convenient organisations by which workers would divide among themselves, in small quantities, the goods they had produced in large quantities by their common labour', while where exchanges were necessary these would be conducted on the basis of the labour time which commodities embodied.⁹⁷

Further, as with communitarianism there were possibilities for the simplification of economic problems which the construction of socialism in microcosm allowed. The size of the co-operative commonwealth is limited, at least initially, by the ten thousand families involved and in such circumstances, of course, the direct acquisition of information for purposes of planning and decision-making becomes more feasible. This, and the assumption of self-sufficiency, is the main reason why Mahon is able to claim that production would no longer be 'for a market of uncertain limits and unknown wants'⁹⁸ and why the problem of 'estimating' demand and supply, 'the wants and capabilities of the different parts of the country' could be dismissed as 'a very simple matter which need scarcely be touched upon.'⁹⁹ Questions of how to gauge the extent of the community's demands for goods and services, the extent of available resources and how best to utilise them were inevitably made 'simple' when socialism was scaled down to a town-sized experiment. Small wonder that Mahon could write of 'the *simple* and harmonious system of co-operation' replacing 'the *complex*... system of commercialism.'¹⁰⁰

It is worth reviewing at this point the means by which those who supported the public ownership of the means of production, distribution and exchange and who advocated their central control and direction circumvented many of the theoretical and practical problems involved in abandoning the market. On pricing and valuation they sought to use labour time as a unit of account without considering the colossal problems which such a

procedure would involve. Also, they assumed that whole areas of economic calculation could proceed in physical terms. Thus the problem of allocation was most often seen as involving the direct matching of physical needs with the physical capacity of the nation to produce. Further there was the predilection for simplifying the theoretical and practical questions raised by the desire for the centralised economic management of nationalised resources through a scaling down by analogy, or, in the case of Mahon, in practice, of the putative size of the socialist commonwealth itself. Having done this, the complexities of subjecting a modern, intricately articulated, industrial economy to centralised socialist control could be evaded in such a manner as to allow crude solutions to the problems of pricing, allocation, distribution and macroeconomic equilibration to assume a certain superficial plausibility.

In addition there was a strong tendency in the economic writings of these late nineteenth century socialists to work upon the implicit assumption that the economy of their socialist commonwealth remained comparatively static for significant periods of time. Thus some of their descriptions of information gathering by the state or some other central authority strongly imply that once acquired, by surveys or other expedients, knowledge of the wants or needs of the population would remain accurate for a period long enough to allow rational decisions as to how, what and when to produce to be made and implemented.¹⁰¹ There is in this aspect of their writing no sense of the fluidity, volatility or dynamism of modern industrial life; there is no concept of the need for the constant revision of economic decisions in the light of a perpetually changing economic world. Here, paradoxically, state socialist political economy parallels the macroeconomic assumptions upon which most late nineteenth century neoclassical economics rested. In consequence, the whole problem of information-gathering in the absence of a market was scaled down to manageable proportions or at least proportions which allowed a direct, survey solution to seem plausible.¹⁰² Under socialism production ceased to be 'for a market of uncertain limits and unknown wants.'¹⁰³ The epistemological uncertainties which enter into the problem of economic calculation once the possibility of change is admitted are deemed to have been eliminated. Knowledge was not something which had to be

continually won. As with the early century communitarians, therefore, these late nineteenth century socialists, when they discuss the salient economic characteristics of the socialist economy of the future leave the reader with the sense of a society preserved in aspic. This is not to suggest that writers like Bellamy and Gronlund were oblivious to the power of technological innovation or to the possibility of rapidly changing consumer tastes but it is to argue that the kind of information gathering apparatus which they suggest or which is implied in their writings assumed an economy which for significant periods remained in a position of static equilibrium and had credibility only in so far as such conditions were fulfilled.

So in ways similar to early nineteenth century utopian socialist writers, late nineteenth century 'scientific' socialists were able to circumvent a whole range of economic questions which would inevitably arise with the abolition of the market or, where they did not evade them, they managed to transmute economic questions into problems of a qualitatively different order which fell within the competence and remit of the organiser, administrator central official or government agent rather than the economic theorist. In this context it is interesting to note how often late nineteenth century writers emphasised the complexity, the unnecessary complexity, of a competitive market economy. As Blatchford saw it, 'practical Socialism' was 'so simple that a child may understand it. It is a kind of national scheme of co-operation, managed by the State.'; 'When your public understands Socialism and desires to establish it there will be no difficulty about plans. Just get a number of your cleverest *organisers* and *administrators* into committees and let them formulate a scheme.' While, in a similarly simplistic vein, Hyndman saw economic planning by the state as expressing simply 'the common sense of the community at large', 'the organized common sense of public opinion.'¹⁰⁴ In the absence of class conflict, unanimity of public opinion could be assumed and this elimination of the need to choose between competing social ends (and therefore the need to calculate the cost of alternatives) would permit a simple reliance upon such unanimity as a guide to economic action. As Gronlund put it, 'whenever men's interests cease to be adverse; whenever these interests become identical as they will under our Commonwealth by perfect association, the business of money will be

gone.¹⁰⁵

One final way in which the complexity of establishing a non-market basis for rational economic calculation could be evaded was to assume an organic emergence of socialism from the decaying mass of a disintegrating capitalism; a view which derived from the Marxian axiom that each social mode of production carried within it the seeds of the new order by which it was to be superseded. This was after all how these writers understood the growth of those monopolistic and oligopolistic arrangements which were coming to characterise capitalism. Such an understanding of the progress of human history had a number of consequences. It gave its adherents an insight into the dynamics of historical change ; it provided them with a means of interpreting contemporary economic and social developments and it convinced them of the historical transience of capitalism and so provided them with that intellectual self-confidence (and intolerance) which characterises those who are convinced they have grasped the nature and direction of historical progress. One other consequence, however, was that it convinced many socialists of the futility of any utopian attempt to draft a blueprint by reference to which the future socialist commonwealth might be constructed. 'Modern Socialists', wrote Gronlund, 'do not pretend to be architects of the New Order. That is to say; they do not propose to demolish the present order of things like an old building and then compel humanity to rear a new edifice according to some plan that they have drawn. They know that Society is not an edifice at all, but an organism; and men are not in the habit of 'planning' the development of a dog or a rosebush.¹⁰⁶ Scientific socialists did not seek to construct the socialist commonwealth de nouveau as had the utopian Owenite communitarians. The nature of their task was not so much to build as to understand the manner in which the New Order would organically emerge and the form it was likely to assume. Socialism would triumph without the drafting of blueprints for the future. Yet, just as in certain circumstances, a deterministic theory of history could breed political quiescence, it could also engender an intellectual passivity as regards the constructive aspect of socialism.¹⁰⁷ Where socialism was not built but grew; where the metaphor was organic rather than mechanical then thinkers could absolve themselves even from discussing the principles of socialist economic policy.

Gronlund was, in this respect, one of the least guilty of late nineteenth century socialist writers for whatever its failings, *The Socialist Commonwealth* does attempt to come to terms with some of the economic problems which a centralised socialism might expect to confront. Yet even he can be found claiming that socialists, 'are not concerned about how to institute (a) New Order... in the fullness of time when we reach the bank a bridge will grow before us somehow.'¹⁰⁸ Here, clearly articulated, is the kind of intellectual torpor which an optimistic determinism may induce. This is not to insist upon a blueprint but it is to insist that there is likely to be something wrong with the political economy of those who expected the principles underlying the management of a centralised socialist economy to emerge ineluctably like Minerva from the head of Zeus.

For the most part, however, it was by treating as simple questions which were in fact inordinately complex that these writers 'solved' the problems which they believed a socialist economy would have to confront. It was indeed their simplifying assumptions which gave their solutions what superficial feasibility they possessed. Where, on occasion, these assumptions were relaxed; where problems were recognised and accepted as complex, their response is most interesting.

Take, for example, Bellamy's response to a situation where demand fluctuated and discrepancies occurred between it and supply. Where, he argued, 'scarcity' existed, it was no longer sufficient simply to adhere to objectively determined labour time values and it became necessary to make use of market-derived information to effect price changes. As Bellamy saw it, the goods affected would be few in number for, 'As regards the great staples of life, of which an abundance can always be secured scarcity is eliminated as a factor.'¹¹⁰ Where, however, goods were subject to 'scarcity', 'All that can be done... is to equalize the inconvenience of the scarcity. This is done by temporarily raising the price if the scarcity be temporary or fixing it high if it be permanent.' Thus here we have a socialist writer who having supposedly abandoned the market determination of prices, was prepared to use it to obtain information on relative scarcity and to use that information to alter the value of commodities. Further, given that the factor of scarcity will obviously affect the price of more than 'some commodities', Bellamy

unwittingly restored the market to a central role in the dissemination of information. So where the complexity of a problem was admitted, the market was often resurrected to solve it.¹¹¹

For example, where the magnitude of the problem of information gathering in a modern industrial economy was accepted, the market can be found once again entering the socialist picture. Thus Mahon, when he confronted the question of what level of wages and prices would prevail at the outset of his co-operative commonwealth argued that, 'for a beginning, the standard of the open market.. (should be) adopted. This would be the safest basis to work upon, until it became possible to¹¹² measure exactly the labour costs of every article.' Also, for Gronlund, socialists could 'not better show their practical sense than by retaining for an unlimited period the ratio of wages which at the time of the change obtains in the various branches of manual work and for the different qualities of workmen.'¹¹³In addition, even after this transition period had been completed Gronlund still seems to have given the market a say in the valuation of different sorts of labour. This problem, he believed, might be resolved by expressing skilled as a multiple of unskilled or common labour but this would be done, not through the deliberations of some central authority, but automatically as consumers made their own estimates of how much different types of labour were worth. So, 'when five day's labour is demanded for a coat it will not be at all difficult for the buyer to compare that with the amount of common work contained in his own day's labour.'¹¹⁴Here again the market was allowed to reassert itself with the value of goods, though formally denominated in units of labour time, being effectively determined by consumers' estimations of worth. Where, therefore, the complexity of economic calculation in a modern industrial economy was admitted, these writers had a tendency to fall back upon the market to provide the necessary solutions.

In general and overtly, the market was given a negligible role in the future socialist economy. In its place the public ownership of the means of production, distribution and exchange would provide the basis and the power for the scientific ordering of economic life. Prices were to be objectively determined by reference to labour time; the allocation of resources would be made with respect to statistical information on the extent

of communal needs and thence the respective social utilities of different goods and services. At a macroeconomic level crises would be simply eliminated by the matching of physical demand with the physical capacity to supply and with crises would go the waste entailed by the idle productive factors which characterised competitive market capitalism. In short the anarchy and planlessness of the market was to give way to the conscious, rational, human control of economic activity.¹¹⁵

Yet for all that they stressed the scientific basis of their political economy and for all that it was contrasted favourably with the 'utopianism' of the early nineteenth century socialists, these scientific socialists nonetheless abstracted from many of the same complexities of economic life. A belief in the possibility of calculating in terms of labour time, the transmutation of valuation problems into ones requiring mere physical calculation, a conviction that it was possible to assess directly the relative utility of goods and services, a tendency to assume that in the absence of social conflict there would be no need to decide between and thence to cost competing alternatives, a propensity to assume the existence of static equilibrium when positing solutions to allocative and other questions and, in the case of Blatchford and Mahon, an adherence to the assumption of autarky or near autarky. It was in these ways that the political economists of state socialism, the scientific socialists, scaled down and simplified the problems of calculation and decision-making in a socialist economy to manageable proportions, or at least to proportions which gave a certain facile feasibility to the jejeune solutions they propounded.

However, while they share these simplifying assumptions, there is this crucial difference between the constructive political economy of British 'utopian' and 'scientific' socialism. The assumptions of simplicity, stasis and autarky were, in the final analysis, consistent with the self-sufficient, agrarian communitarianism of the former while these same assumptions cannot be reconciled with the modern, complex, interdependent, industrialism which, with the exception of Blatchford,¹¹⁶ the writers discussed here saw as the economic foundation of their socialist commonwealths. In this respect, paradoxically, it is the supposedly utopian socialists who, in terms of their constructive political economy, may be more appositely

labelled 'scientific' whereas it is the putatively scientific socialists who were the utopians.¹¹⁷ Certainly, by applying their principles of economic management in the real world, communitarian socialists actually submitted them to the kind of empirical testing expected of scientists and to the kind of testing which the ideas of the 'scientific' socialists, at least in the nineteenth century, were never subjected. It is indeed one of the taxonomic ironies of socialist economic thinking in nineteenth century Britain that those writers whose socialism escaped the confines of the drawing board were condemned as 'utopian' whereas those whose socialism never left it and could never leave it arrogated to themselves the title of 'scientific'.

NOTES

1. 'It was Hyndman who...really brought the great German's work to the front in England', M. Morris (ed.), William Morris, 2. 'He was quite an orthodox follower of Marx in economic theory, as he understood it', E.J. Hobsbawm, 'Hyndman and the SDF' in Labouring Man, 234. For an account of Hyndman's life and political career see C. Tsuzuki, H.M. Hyndman and British Socialism, edited by Henry Pelling, Oxford University Press, 1961, also Hyndman's autobiographical The Record of an Adventurous Life, London, 1911 and Further Reminiscences, London, 1912.

2. See e.g. A. Neil Lyons remark that Merrie England alone had 'attracted more followers to the standard of English socialism than all or any other books contained in the library of the London School of Economics', Robert Blatchford, the Sketch of a personality: an estimate of some achievements, London, 1910, 108; also M. Morris (ed.), William Morris, 339. 'A census taken...in a North of England Labour Club showed that 49 of its members out of 50 had been converted by Merrie England.'

3. E.P. Thompson, William Morris, 563; for an account of Mahon's career see *ibid*, 551-64.

4. Laurence Gronlund was a Danish American who emigrated to the USA in 1867. He lived in Europe between 1885 and 1887 and participated for a time in Morris' Socialist League. For more biographical information see A. Lipow, Authoritarian Socialism in America, Edward Bellamy and the Nationalist Movement, Berkeley, University of California Press, 1982.

5. For an account of Bellamy's life and thought see A.R. Morgan, Edward Bellamy, New York, Columbia University Press, 1944; A. Lipow, Authoritarian Socialism, and S. Bowman The Year 2000: a critical biography of Edward Bellamy, New York, Bookman, 1958.

6. Gronlund's work had influence with the Socialist League, P.d'A Jones, The Christian Socialist Revival, 323-4, in Christian socialist circles, *ibid*, and amongst Fabian socialists, J.W. Hulse, Revolutionists in London: a study of five unorthodox socialists, Oxford, Clarendon, 1970, 112 and W. Wolfe, From Radicalism to Socialism: Men and ideas in the formation of Fabian socialist doctrines, 1881-1889, New Haven, Yale University Press, 1975, 265.

G.B. Shaw edited an English edition though he considered it 'clever but unoriginal', *ibid*, 265. Morris reacted unfavourably to Bellamy's Looking Backward but in general it seems to have proved congenial reading for those of a Fabian or state socialist persuasion and A. Lipow has argued that 'Bellamyism was in every sense the American kissing cousin, albeit an independent invention, to the bureaucratic socialism which the Webbs propounded', Authoritarian Socialism, 8.

7. Though on this point see A. Lipow, *ibid*, 59-60 who has argued that while 'Gronlund frequently invoked the name of Marx...it is clear that his ideas were more a curious mixture of the authoritarian doctrines of Comteanism and Lasalleanism than any recognizable part of Marx'. Also to be noted is E.E. Barry's point that the dominant form which the demand for 'collective ownership' assumed in Britain, namely 'centralised state ownership' was due as much to the traditional radical demands for political democracy and land nationalisation as the influence of Marxism', Nationalisation in British Politics, 130. As for Blatchford he claimed never to have read Marx though he did recommend both Marx and Bellamy to his readers, see J.A. Fincher, 'The Clarion Movement: a study of a socialist attempt to implement the co-operative commonwealth in England, 1891-94', University of Manchester, unpublished M.A. thesis, 1971, 94n.

8. Clarion, 10 June, 1899, 10; R. Blatchford, My Eighty Years, London, Cassell, 201-2.

9. State socialism had also for Blatchford a visceral appeal which derived from a delight in 'collective efficiency' which in turn had its psychological roots in Blatchford's military experience and training. On this point see L.J.W. Barrow, 'The socialism of Robert Blatchford and the Clarion newspaper, 1889-1918', unpublished PhD thesis, University of London, 1975, 23. A. Lipow has also made the point that 'Blatchford's socialism entailed an openly avowed admiration for military order and discipline', Authoritarian Socialism, 246.

10. H.M. Hyndman and Wm. Morris, Socialism made Plain, being the Social and Political Manifesto of the Democratic Federation, London, 1883, 23. 'so long as the means of production, either of raw materials, or, of manufactured goods are the monopoly of a class, so long must the labourers on the farm, in the mine or in the factory sell themselves for a bare subsistence wage'.

11. H.M. Hyndman, The Economics of Socialism, being a series of Seven Lectures on Political Economy, London, 1896, 69.
12. *ibid*, 89.
13. F.W. Engels made clear the distinction between 'utopian' and 'scientific socialists' on this point in his Anti-Duhring, 405. 'It is the characteristic peculiarity of all social confusionists ruminating on "true values" to imagine that the worker does not receive the "full value" of his labour in existing society and that socialism is destined to remedy this'.
14. 'Does the "Law of Supply and Demand" affect "use value"? No', R. Blatchford, The Living Wage and the Law of Supply and Demand, A Letter to the Colliers, London, 1895, 5.
15. *ibid*.
16. R. Blatchford, Competition, A Plain Lesson for the Workers, London, 1898, 5.
17. R. Blatchford, Merrie England, London, 1894, 80.
18. The Living Wage, 8.
19. R. Blatchford, Merrie England.
20. R. Blatchford, Real Socialism: what Socialism is and what Socialism is not, London, 1898, 13.
21. R. Blatchford, Britain for the British, London, 1906, 87, 'To-day the industries of England are not ordered nor arranged but are left to be disordered by chance and by the ups and downs of trade'.
22. H.M. Hyndman, The Economics of Socialism, 246.
23. *ibid*, 157; 'Production has become a social business, but exchange, and with it appropriation remain individual actions...Here, then, is the fundamental antagonism - the origin of all antagonisms our existence is moved by', H.M. Hyndman, The Historical Basis of Socialism in England, London, 1883, 438.
24. As one writer has put it with respect to Marx, he 'favoured the deliberate ordering mechanism of the intrafirm division of labour over the "tendency to equilibrium" ordering mechanisms of the interfirm division of labour in society as a whole', D. Lavoie, Rivalry and Central Planning, the Socialist calculation debate reconsidered, Cambridge University Press, 1985.
25. H.M. Hyndman, The Historical Basis of Socialism, 439.
26. E. Bellamy, Looking Backward, 2000-1887, Harmondsworth, Penguin, 1984, 223.
27. *ibid*, 169.
28. *ibid*, 172.
29. *ibid*, 169.
30. *ibid*, 153.
31. *ibid*, 171.
32. *ibid*, 151.
33. L. Gronlund, The Co-operative Commonwealth, An Exposition of Modern Socialism, London, 1886, 33, 34, 41; R. Blatchford, Britain for the British, 87.

34. H.M. Hyndman, The Economics of Socialism, 157.
35. *ibid*, 142.
36. E. Bellamy, Looking Backward, 168.
37. *ibid*, 167.
38. *ibid*.
39. *ibid*, 84.
40. J.L. Mahon, A Labour Programme, London, 1888, 39.
41. *ibid*, 18.
42. R. Blatchford, Merrie England, 134.
43. E. Bellamy, Looking Backward, 127.
44. 'a labour market in which labour is bought and sold like other goods', J.L. Mahon, A Plea for Socialism, London, 1887, 10.
45. H.M. Hyndman, The Historical Basis of Socialism in England, 447.
46. L. Gronlund, The Co-operative Commonwealth, 115.
47. A. Lipow sees Bellamy's work as in some respects a reaction to the growing anxiety and uncertainty accompanying the transition of the United States from a 'simple agrarian republic to a complex industrial nation', Authoritarian Socialism, 17. What writers like Gronlund and Bellamy did was to hold out to individuals the possibility of a secure place in an ordered social organism and so 'end the uncertainty of existence and exploitation', *ibid*, 159.
48. H.M. Hyndman, The Economics of Socialism, 163.
49. *ibid*, 156.
50. E. Bellamy, Looking Backward, 224.
51. Though as W. Brus has pointed out, even if the market had not been doomed to destruction, scientific socialists would have abandoned it as incompatible with their vision of a centralised, rationally planned economy, see The Market in a Socialist Economy, London, Routledge and Kegan Paul, 1977, 19-20.
52. H.M. Hyndman, The Economics of Socialism, 137, 179; 'The question of monopolies is rapidly coming to the front. The old notion that competition would always come in to serve the community is fallacious', England for All, London, 1881, 103.
53. R. Blatchford, Britain for the British, 96.
54. J.L. Mahon, A Labour Programme, vi.
55. 'individualistic production has long since passed away. Industrial processes are now thoroughly socialised', *ibid*, 15.
56. *ibid*, 14; as Bellamy saw it in Looking Backward, 65, 'Oppressive and intolerable as was the regime of the great consolidations of capital, even its victims while they cursed it were forced to admit the prodigious increase of efficiency which had been imparted to the national 'industries'.
57. H.M. Hyndman, The Economics of Socialism, 249; at this point, 'The State as the organised common sense of public opinion must step in to regulate', England for All, 6. It

should be noted though that in England for All Hyndman did stress the important role to be played by municipalities in socialist organisation, something which would assume significant decentralisation of economic power. Subsequent works, however, placed greater emphasis on the centralisation of economic decision-making and control.

58. *ibid*, 179.

59. L. Gronlund, The Co-operative Commonwealth, 78; H.M. Hyndman, The Historical Basis of Socialism in England, 446.

60. H.M. Hyndman, The Economics of Socialism, 61; see also, for example, The Historical Basis of Socialism in England, 468.

61. E. Bellamy, Looking Backward, 142.

62. L. Gronlund, The Co-operative Commonwealth, 106-7.

63. R. Blatchford, Merrie England, 83.

64. *ibid*, 88.

65. Thus Blatchford wrote of the coal industry that 'The Socialists propose to make them (the collieries) the property of the whole people. And they say if that were done the price of coals would be the natural price. That is to say it would be the price of the proper keep of the collier', Competition, 13.

'If the coal is not worth a "living wage" it is not worth getting', R. Blatchford, The Living Wage, 2.

66. J.L. Mahon, A Labour Programme, 44; L. Gronlund, The Co-operative Commonwealth, 80.

67. *ibid*, 79.

68. H.M. Hyndman, The Historical Basis of Socialism in England, 469; R. Blatchford, Real Socialism, 20; Merrie England, 140.

69. see below.

70. E. Bellamy, Looking Backward, 71-2.

71. H.M. Hyndman, The Economics of Socialism, 250.

72. *ibid*, 61, my emphasis.

73. E. Bellamy, Looking Backward, 139.

74. *ibid*, 143, my emphasis.

75. *ibid*, 174, my emphasis.

76. *ibid*, 71, my emphasis.

77. *ibid*, 83.

78. J.L. Mahon, A Labour Programme, 49, 52.

79. *ibid*, 37-8.

80. *ibid*, 39.

81. L. Gronlund, The Co-operative Commonwealth, 109, my emphasis.

82. There is a marked physiocratic tinge in much of Blatchford's economic writing. Thus in Britain for the British, 29, he stated emphatically that 'all wealth comes from the land'.

83. R. Blatchford, Merrie England, 43.

84. *ibid*, 174, 'in a well-ordered state no luxuries would

be produced until there are enough necessities for all'.

85. On this point see A. Scherr, 'Robert Blatchford and Clarion Socialism, 1891-1904', unpublished PhD thesis, Iowa, 1974, 8-10, who stresses that Blatchford's conception of socialism was 'decentralised', 'self-sufficient', and 'agricultural'. It is nonetheless true that in the 1890s state socialism was, for Blatchford, a crucial staging post en route to the socialist millenium.

86. R. Blatchford, Merrie England, 44.

87. *ibid*, 103.

88. The common sense approach to resource allocation leads both Blatchford and the early century communarians in an agrarian direction which allows them to abstract from all the complexities, in terms of economic calculation, of a diversified industrial economy.

89. see above.

90. R. Blatchford, Merrie England, 103; Britain for the British, 143, 'How then can Socialism be called impossible? As a matter of fact Socialism is only a method of extending State management, as in the Post Office'.

91. L. Gronlund, Socialism versus Tax Reform, New York, 1887, 32.

92. 'Other schemes have failed for the very obvious reason that the workers were trying to sell their produce at a profit in the capitalist market', J.L. Mahon, A Labour Programme, 42.

93. *ibid*, 35.

94. *ibid*, 36.

95. *ibid*, 35, 'Economic and political reasons alike show the necessity for a central controlling influence.'

96. *ibid*, 49.

97. see above.

98. *ibid*, 50.

99. *ibid*, 52.

100. *ibid*, 50, my emphasis.

101. 'Now that every (good) which is given out from a national warehouse is recorded...the figures of consumption for any week, month, or year in the possession of the department of distribution are precise. On these figures allowing for tendencies to increase or decrease...the estimates...for a year are based', E. Bellamy, Looking Backward, 140; 'the Commonwealth will, in its character of Statistician, determine how much of a given product shall be produced during any coming year', L. Gronlund, The Co-operative Commonwealth, 115.

102. 'Estimating the wants and capabilities of the different parts of a country or nation is a very simple matter which need scarcely be touched upon. The labour power of each town or village is easily ascertained, the yield of the land and mines can be very nearly calculated', J.L. Mahon A Labour Programme, 52.

103. *ibid*, 50.

104. R. Blatchford, Merrie England, 100, 108-9, my emphasis; H.M. Hyndman, England for All, 87, 6. On this point it is interesting to note the Bellamyist writing of 'the higher and perfected simplicity' of socialist society in The Nationalist in 1889.

'The intricate complexity of multitudinous industrial antagonisms...will be reduced to simplicity by bringing all the diversified interests into harmonious and mutually helpful action under one central authority', quoted from A. Lipow, Authoritarian Socialism, 108; see also Daniel de Leon's remark that 'legislative work will not be the complicated one which a society of conflicting interests such as capitalism requires but the easy one which can be summed up in the statistics of the wealth needed, the wealth producible and the work required - and that any average set of workingmen's representatives are fairly able to ascertain', quoted from D. Bell, 'The background and development of Marxian socialism in the United States', in D. Egbert and S. Persons (eds.), Socialism and American Life, 2 Vols., Princeton University Press, 1952, 1, 247.

105. L. Gronlund, The Co-operative Commonwealth, 103.

106. *ibid*, 77.

107. E.E. Barry, Nationalisation in British Politics, 142, has argued that 'so long as state ownership was conceived of as a final step to be taken after industry has become highly concentrated under capitalist ownership, socialists would produce no clear picture of industrial organisation'. However, anticipated industrial concentration was only one aspect of a more all-embracing historical determinism and it was that which tended to obstruct the formulation of any clear ideas as to the basis of industrial organisation under socialism.

108. L. Gronlund, The Co-operative Commonwealth, 91, my emphasis.

110. *ibid*, 143.

111. See also in this context Bellamy's discussion of how to equate the supply of and demand for labour, above.

112. J.L. Mahon, A Labour Programme, 39, though Mahon stressed that 'Taking the market rates for the basis of prices and wages at first would not mean that there would be any influence exercised by market values on the co-operative method of division', *ibid*, 44.

113. L. Gronlund, The Co-operative Commonwealth, 111.

114. *ibid*, 107.

115. These writers shared this belief in the need for a conscious imposition of order with late nineteenth century social scientists in general whose 'analysis of history as a gratuitous complex of random forces led them to believe that planning would defeat irrationality and inhumanity. They disagreed about priorities but they shared the conviction

that no part of society could be left to develop haphazardly', R.N. Soffer, 'The revolution in English social thought 1880-1914', American Historical Review, 75, 1980, 1961.

116. Blatchford actually advocated a curtailment or abolition of the factory system while, with self-sufficiency particularly in mind, agricultural resources were developed', see Clarion, 17 November, 1894, 5.

117. For an argument stressing the 'scientific' nature of the 'utopian' critique of capitalism see J.E. King, 'Utopian or scientific? A reconsideration of the Ricardian socialists' History of Political Economy, 15, 1983, 345-73.

Chapter 12

Fabianism and the Market

The crux of the nineteenth century Fabian¹ critique of the market lay in its perception of 'competitive' capitalism as fundamentally and necessarily monopolistic. First, and most simply, it was monopolistic in the sense that one class had exclusive possession of the means of production, a fact which immediately precluded the existence, in anything but theory, of a *freely* competitive market economy. As Annie Besant put it, in a public debate with the radical G.W. Foote, in 1887, 'When you have your competition hampered by absolute proprietorship in the whole of the materials of wealth production on the one side, and on the other a proletariat without property...then your pretence of free competition is a fraud and a hypocrisy.'²

Secondly, for Fabian writers, the industrial concentration which inevitably resulted from predatory competition led to the creation of enterprises whose size allowed them directly or through collusive agreements with others to wield monopoly power. Contemporary capitalism was increasingly characterised by 'gigantic conspiracies', 'syndicates', 'rings', 'trusts', 'cartels' to the extent that 'combination (was) absorbing commerce'³; a process which William Clarke saw as having gone furthest in the United States where, paradoxically, 'capitalism is more unrestrained and bolder.'⁴ In contrast to what was argued by the defenders of the capitalist market economy, 'capitalist enterprises' were, therefore, under existing arrangements, 'constantly trying to decrease supply for their own advantage.'⁵ Further, the market did not guarantee that goods would be supplied at the cheapest possible price. It did not 'secure the utmost possible cheapness to the consumer.' For as soon as capitalists became aware that competition

caused prices to fall 'competition is replaced by conspiracy'⁶ and where, of course, capitalism had become essentially monopolistic or oligopolistic such conspiracies were easily practicable. So the nature of late nineteenth century industrial capitalism prevented the market from generating the optimum level of output and prices.

Now logically, such a critique of capitalism and the market might lead on to a radical, Manchester School liberalism⁷ which sought to rejuvenate the market by anti-trust legislation and similar policy devices and it is interesting to note in this context that Shaw, in an early phase of his intellectual development did espouse an anarchic economic individualism of a free market kind.⁸ Certainly, this line of attack on existing economic arrangements did not necessarily entail support for replacing the market by the conscious, rational, public planning of economic activity. However, a third dimension of their conception of capitalism as monopolistic did suggest a need for greater public involvement in the workings of the economy.

For the Fabians, *any* system which involved private ownership of the means of production also necessarily involved the exercise of monopoly power and the exaction of monopoly or supranormal profits. It did so because the supply of all productive factors was viewed as economically finite so that even where ownership was dispersed, market forces authentically free and capitalism genuinely competitive, payments and incomes of a monopolistic nature still existed. The Fabians provided theoretical underpinning for such views by extending the application of Ricardian or, more accurately, Georgian rent theory from land to capital and labour.⁹ Thus Ricardo in his *Essay on Profits*, 1815, had argued that the continuing application of labour and capital to a finite land area would lead, as recourse was had to soils of inferior quality, to the emergence of an economic surplus over and above the necessary costs of production on intramarginal land; a surplus which would be appropriated as rent by land owners. What Fabians, like Webb, Shaw, Olivier and Besant did was apply this theory to other factors of production. Thus, for example, because those in the labour force who were highly skilled were limited in number they would come to earn a 'rent of ability' as scarcity allowed them to exploit their monopoly position. so, in the absence of equal educational opportunity, the wages of

superintendence and direction were high because such occupations were 'a virtual class monopoly' and it would not be until the monopoly of educational privilege was abolished that 'the remuneration of such activity [would] reach its normal level or competition value.'¹⁰

Similarly the 'interest' which accrued to capitalists was seen as resulting from the varying productivity of capital which arose from more or less favourable locations, more or less modern and technologically advanced plant and equipment etc. It was the monopoly of such advantages which allowed the capitalist to acquire an economic surplus over and above the normal costs of production. As Sidney Webb put it in 'English progress towards social democracy', 1892, 'The additional product determined by the relative differences in the productive efficiency of the different sites, soils, capitals and forms of skill above the margin of cultivation has gone to those exercising control over those valuable but scarce productive factors' or as Olivier phrased it in 'Capital and Land', 'The owners of the instruments of production receive as rent and interest such an amount of the value of the produce as equalizes the normal income of the workers in each calling; that is to say, they obtain from the workers who are using their land and capital a toll equal to the difference between the product engaged in with any particular instrument of land or capital, and the product of the like industry engaged in with the least efficient instrument actually employed anywhere at the time.'¹¹ In this situation the labourer got 'no more of that product as wages for himself, in a state of free and unrestrained competition, than his colleague labouring at the very margin of cultivation with the minimum of capital.'¹²

So the private ownership of the means of production and indeed the possession of particular skills involved a de facto monopoly which allowed the possessors to reap the difference between the product of marginal enterprises or workers and the higher output resulting from the 'superior' capital equipment or skills over which they had control. This Fabian conception of late nineteenth century capitalism as, essentially, monopolistic and their concomitant attack upon the equity of the manner in which a 'competitive' market distributed the national product led on logically to an attack upon its allocative role. In theory the market by signalling the extent and intensity of consumer

demands to producers brought about an allocation of resources which ensured a structure of output matching community requirements. It was, in theory, a barometer of social need with prices indicating the pressure of communal demands and thence the social utility of what was produced. However, with the monopolistic maldistribution of wealth, prices ceased to perform this function. Instead, 'Exchange value...has become bedevilled like everything else and represents no longer utility, but the cravings of lust, folly, vanity, gluttony and madness, technically described by genteel economists as "effective demand".'¹³ As a result 'the inequality of income' had produced 'a flagrant "wrong production" of commodities. Quite simply, 'the unequal value of money to our paupers and our millionaires deprive[d] the test of "effective demand" of all value as an index to social requirements.'¹⁴

Writers like Stigler have demonstrated clearly the ease with which the Fabian theory of exploitation or economic surplus may be demolished so there is little need here to pursue the matter at length.¹⁵ It suffices to say that in the short run the supply of all productive factors is indeed relatively inelastic and that therefore any increase in the demand for them may, for a time, permit their owners to reap supranormal profits for their own use. The weakness of Fabian analysis, however, derives from the implicit assumption that what is true in the short run will necessarily be so in the longer term; an assumption which while acceptable, in some measure, in the case of a factor such as land was certainly not so with regard to labour and capital, the supply of which could not be seen as inelastic in the medium or long run.¹⁶ Shaw saw the difference between 'rent' on land and 'interest' derived from the ownership of capital as one of mere terminological usage, 'Coloquially, one property with a farm on it is said to be land yielding rent; while another, with a railway on it, is called capital yielding interest. But economically there is no distinction between them when they once become sources of revenue.'¹⁷ Yet neither Shaw, nor the other Fabian writers of the period confronted the argument that unlike rental payments for land, supranormal profits, interest and the differential surplus accruing to those in possession of higher quality capital and labour inputs, could and would be eliminated or reduced simply by the increased supply of comparably productive factors which such

supranormal profits would attract.

Of course what Fabian writers really wished to do was to establish a method of differentiating between earned and unearned income.¹⁸ This is particularly apparent in an article which Sidney Webb wrote for the *Quarterly Journal of Economics* in 1888.¹⁹ Here Webb argued that the task confronting political economists was to distinguish between those rewards that genuinely resulted from the exercise of 'managerial ability' and the 'normal productivity of capital' and those which derived from 'mere priority and proximity'.²⁰ For, if such a distinction could be made and it became possible to isolate all income 'received without concomitant and commensurable work', this could then be legitimately appropriated by the state to be used for the public good.²¹ Yet even when limited to this short run task their Ricardian analysis is unsatisfactory. For, while all rent may be regarded as unearned in the sense that it does not derive from 'managerial ability' or the 'normal productivity of capital', all unearned income cannot be categorised as rent. Thus it is possible for 'normal' profits to accrue as dividends to those simply holding shares in a particular firm and such income while it would, by Fabian definition be unearned, would still represent a reward for the 'normal productivity of capital', in the sense of a payment commensurate with the factor's contribution to production. While unearned, therefore, such dividends could not be categorised as rent. Also, if rent is defined as a payment superfluous to that required to retain factors of production in their existing employment, it is possible again for payments such as dividends to be unearned whilst being necessary to ensure that a certain combination of factors remains productively employed. A theory of rent of the kind formulated by the Fabians did not, therefore, permit a clear distinction between earned and unearned income.

However, leaving aside these problems, where in prescriptive terms did their critical analysis leave the Fabians? Again, it did not lead on logically or necessarily to rejection of a free enterprise market economy. For, even if it was accepted that, 'The mere forms of freedom remain but monopoly renders them nugatory',²² it was nonetheless possible to remedy the consequent economic inequities by a policy of radical redistribution while retaining the essentials of the existing economic order²³ and, indeed, Fabians did welcome those moves which had already been made in a

redistributive direction; moves which they saw as being 'of a Socialistic character, involving collective checking of individual greed and the paring of slices off the profits of capital in the interests of the working community.'²⁴ This argued Shaw was part of a general process which would secure 'the transfer of rent and interest to the State, not in one lump sum, but by instalments',²⁵ thereby appropriating for public benefit values collectively created. Yet for the Fabians, this was not sufficient. Ultimately they saw the collective control of the means of production as the only solution to the economic ills afflicting the nation. As Webb put it, 'the purpose of Socialism is not the division of wealth among the poor but the assertion of the right of the community to the complete control over the means of production²⁶ or as it was phrased in the *Report on Fabian Policy* of 1896, 'Socialism, as understood by the Fabian Society, means the organisation and conduct of the necessary industries of the country and the appropriation of all forms of economic rent of land and capital by the nation as a whole *through the most suitable public authorities.*'²⁷

So why was a policy of radical redistribution insufficient? Why was it necessary to secure collective public control of the means of production? One can, of course, accept Shaw's argument that the appropriation of rent as the Fabians defined it led on inevitably to public control of the greater part of the nation's productive resources. As he saw it, 'the private proprietor has no reason for clinging to his property except the legal power to take the rent and spend it on himself.' So, 'The socialization of rent would [in effect] mean the socialization of the sources of production by the expropriation of the present private proprietors and the transfer of their property to the entire nation.'²⁸ There was, however, more to it than that.

For the Fabians the capitalist market economy was fundamentally anarchic and, therefore, inevitably wasteful. Production under existing arrangements was 'anarchical and reckless' while 'industrial life' in general was 'anarchic and unsound' characterised throughout by 'competitive confusion'.²⁹ For those raised on a diet of indigenous positivism,³⁰ the evolutionary views of T.H. Huxley and Herbert Spencer and the achievements of natural science³¹ there was, inevitably, something intellectually offensive in such a 'system' where

final consequences were the unplanned outcome of individual decisions made on the basis of relative or total ignorance.³² The deleterious nature of such consequences was there for all to see. To begin with attempted antidotes to anarchy in the form of 'rings, corners, syndicates, pools and monopolies' led to 'the fearful social loss and waste of underproduction.'³³ Also in the absence of any means of consciously and considerably matching supply and demand 'trade...under our commercial system...progresses by alternate expansions and contractions'³⁴ with disorder and waste the inevitable consequence; both the waste of idle productive capacity and the waste of ' "a reserve army" of the unemployed', 'an unemployed contingent of workers', the numbers of which, for Besant and other Fabians, would tend to increase despite transient mountings and fallings.³⁵ In addition there was the waste involved in the whole business of competitive purchase and sale on the basis of limited knowledge, which entailed both ill-informed decision-making and 'the elaborate deception of consumers by enormously expensive advertisements on the production of which a not inconsiderable proportion of the energy of our population is wasted.'³⁶

It was therefore the elimination of anarchy and its concomitant waste which required the conscious public organisation and control of economic activity.³⁷ 'Order and regulation' were to be 'introduced into the present competitive confusion'³⁸, organisation was to replace the present 'haphazard competition'. For, 'As the organisation of the public industry' was extended and 'supplant(ed) more and more the individualist producer, the public demand (would) be more easily estimated, and the supply regulated to meet it...production (would) become ordered and rational instead of anarchical and reckless as it is to-day.'³⁹ This, therefore, was the major reason why radical redistribution was insufficient and why collective control and management of the means of production was imperative. Public authorities would therefore have to fulfil the equilibrium and welfare-optimising allocative functions which in (orthodox) theory were performed by the market but which in practice were not.

Further, with any simple redistributive elimination of a privately appropriated rental surplus, there was the technical difficulty of establishing which portion of an individual's income derived from 'mere priority and proximity' and could therefore legitimately be taken by the state.

With respect to certain individuals or social groupings the problem might be relatively simple. Absentee landlords, for example, could be easily identified as a group whose income was obviously 'unearned' and their income could be appropriated accordingly. However, to identify all who constituted the rentier class was not such an easy undertaking and in fact as one commentator on the Fabians has pointed out, 'The precise categories encompassed in this class are nowhere listed' by them. D.M Ricci might argue that for the Fabians 'the rentier class would embrace everyone whose income from rents is of such magnitude that it bears no reasonable relationship to the extent of his work'⁴⁰ but such a loose definition would have been of little operational value when it actually came to separating the wheat from the chaff. To the extent, therefore, that the privately appropriated rental surplus could not in individual instances be identified it could not be fiscally appropriated and to the extent that it could not be so appropriated economic injustice with its consequent micro and macroeconomic evils would continue to exist. However, by 'transferring into the hands of the whole working community, full control over the soil and the means of production as well as over the production and distribution of wealth' the problem could be circumvented at least in part. In such circumstances any rental surplus deriving from the inelastic supply of productive resources would automatically accrue directly to the state without any need for recourse to the indirect ploy of redistributive taxation. The collective ownership of the means of production would, therefore, absolve those in pursuit of economic justice and order from the knotty problem of distinguishing earned from unearned or rental income.

Finally there were the deleterious social, ethical and psychological failings of the market which made public control of economic activity imperative. To begin with there was the general uncertainty which the anarchic nature of the market engendered and in particular the uncertainty and insecurity which derived from fluctuations in the general level of economic activity. From this stemmed 'the unbearable anxiety or dangerous recklessness of those...employed to-day and unemployed to-morrow.'⁴¹ and was in fact one of the great attractions of collectivisation under public control that such an 'organization of industry...would admit

of more permanency, stability and continuity in the life of the worker than is provided by the precariousness of modern competition.'⁴²

On the ethical front, because market competition ensured the triumph of the economically powerful and because 'the character of the economically strong is not of the highest type',⁴³ the market was an obvious source of, and encouragement to, degenerate moral behaviour. 'With it', (market competition), wrote Webb, 'comes inevitably a demoralisation of personal character, a coarsening of moral fibre and a hideous lack of taste.'⁴⁴ In general, social terms, as Sidney Ball saw it, commercial competition created an 'upper class materialized, a middle class vulgarized and a lower class brutalized.'⁴⁵

In place of the exploitation, waste, impoverishment, anxieties and moral degeneracy generated by the capitalist market economy, the Fabians looked, therefore to 'the gradual substitution of organised co-operation for the anarchy of the competitive struggle.'⁴⁶ This was after all 'the lesson of evolution in social development... the substitution of consciously regulated co-ordination among the units of each organism for their intermittent competition.'⁴⁷ Science and rationality would take the place of instinct and chance; the efficiency of collective planning and organisation would supplant the untrammelled vagaries of market forces.

In this context the growth of monopolies and monopolistic arrangements was to be welcomed.⁴⁸ They evidenced the collectivist direction of social evolution and they helped to establish an organisational basis for the substitution of control for competition and planning for the market. 'From the social point of view', wrote Shaw, 'the trust is a very welcome industrial development.'⁴⁹ In the words of Wm. Clarke, monopolistic arrangements were 'necessary to give order to trade and to prevent the ruinous waste of unrestricted competition.'⁵⁰ This aggregation of economic power facilitated the conscious management and control of economic life; control which could be easily transferred from private to public hands. Thus socialism would see 'the taking over of the great centralized industries, centralized for us by capitalists, who thus unconsciously pave the way for their own supersession.'⁵¹ For the future, the choice no longer lay between competition and collectivism but between private and public monopoly.

So how would the transition from private to public monopoly be effected? What would bring about the gradual substitution of organised co-operation for the anarchy of the competitive struggle. Here the keynote was the inevitability of gradualness. Firstly, the gradual, piecemeal, fiscal appropriation of the economic surplus accruing to capitalists and landowners (already begun) would leave the owners of the nation's productive resources with a mere title to property, the shadow rather than the material substance.

In such circumstances there would be little difficulty in the state acquiring control over what had ceased to yield a private income. In Shaw's words, 'The socialization of a rent would mean the socialization of the sources of production by the expropriation of the present private proprietors and the transfer of their property to the entire nation.'⁵²

Secondly, given the competitive dynamic of the market, municipal and state controlled enterprises would effect the financial destruction of much private industry as a preliminary to its public acquisition. This would occur because of the competitive edge possessed by public over private undertakings which would see the latter driven from the market.⁵³ 'In the market the competition of...(municipal) industries with...private concerns (would) be irresistible.' Municipal enterprises would be low cost producers because they would be 'unsaddled with a single idle person'⁵⁴ and because they would have 'practically unlimited command of cheap capital'⁵⁵ because of 'the security which a municipality could offer investors.'⁵⁶ Also, through their control of the environment in which industry operated, the municipalities could blunt any competitive edge which private enterprise might possess.⁵⁷ As Shaw put it, with tongue only partially in cheek, 'A skilfully timed series of experiments in paving, a new bridge, a tramway service, a barracks or a smallpox hospital...The power of the municipality to control these circumstances is obvious.'⁵⁸ In general, however, it would be the inherent efficiency of a scientifically organised, rationally conducted, politically controlled enterprise which would drive private entrepreneurs to the competitive wall. 'Beyond doubt...at the present time public enterprise can and does give a cheaper service than private enterprise...it is more economically and efficiently conducted; and...it is more profitable.'⁵⁹ It was for such reasons

that Shaw believed 'the land and industry of the whole country would (eventually) pass *by the spontaneous action of economic forces* into the hands of the municipalities and so...the problem of socializing industry would be solved.' As Besant put it, 'the economic forces which replaced the workshop by the factory will replace the private shop by the municipal store and the private factory by the municipal one.'⁶⁰

Finally, there was the option of purchase. Thus Shaw in the *Fabian Election Manifesto* of 1892, wrote of 'gradually transferring' land and industry 'to local governing bodies under all the usual forms of sale and purchase or compensation.'⁶¹

What these paths to the socialist road have in common is their piecemeal, gradual nature and their assumption of inevitability.⁶² For the Fabians there was, therefore, no need for the theoretical construction of socialism on a grand scale. Thus Webb was severely critical of those who demanded detailed amplification of his definition of socialism as 'the control by the community of the means of production for public advantage.'⁶³ Such a definition, as he wrote, 'does not satisfy some people. They want a complete description of a socialist state...Such fancy sketches have indeed at times been thrown off by Socialists...but with the growing realisation of social evolution, men gradually cease to expect the fabrication of a perfect and final social state.'⁶⁴ As he wrote in the same tract, 'Socialists do not foretell the probable direction of English social evolution; and it needs nothing but a general recognition of that development and a clear determination not to allow the selfish interests of any class to hinder or hamper it, for Socialism to secure universal assent. All other changes will easily flow from this acquiescent state of mind, and they need not be foreshadowed in words.'⁶⁵

Such an emphasis upon the gradual, evolutionary organic and inexorable nature of historical change had profound implications not only in terms of the political strategy which they espoused and the kind of policies they were prepared to support but also for the manner in which the Fabians approached the theoretical questions of how economic calculation and decision-making would proceed under socialism. Thus on occasion it seems to have induced a certain intellectual passivity with such questions being dismissed as problems to be solved in the fullness of time as socialism developed. Yet if the writing

of Fabians like Webb and Shaw contains much of a deterministic hue; if there are references to 'blind social forces...inexorably working out our social salvation'⁶⁶ there are also allusions to 'Man' as 'the midwife of the great womb of Time' undertaking 'responsibility for the new economic relations.'⁶⁷ Thus their understanding of historical progress if it might carry within it the seeds of intellectual torpor did not in fact preclude altogether theoretical discussion of the economic shape of things to come. So what did the Fabians add to the corpus of constructive socialist political economy and how was it influenced by their incrementalism?

'In 1884', wrote Shaw, the Fabians 'were discussing whether money should be permitted under socialism or whether labour notes would not be a more forthcoming currency for us.'⁶⁸ However, under the influence of neo-classical economists such as Wicksteed and Edgeworth, Fabians like Shaw and Webb underwent an intellectual conversion to 'modern economics' which led them to reject the labour theory of value both as a tool of critical analysis and as an operational construct.⁶⁹ They were, therefore, the first group of socialist writers to reject decisively the idea of using labour time as a basis for economic calculation under socialism and the first group of late nineteenth century socialists who were not prepared to reject 'the modern theory of value' as 'a blasphemy against Marx.'⁷⁰ On the contrary they saw themselves as the 'bullies and swashbucklers of advanced economics',⁷¹ whose recommended texts were Jevons, Edgeworth, Wicksteed and Marshall rather than the obsolescent and arid volumes of *Capital*. They were, in the words of Shaw, the first socialists since the early nineteenth century 'unless we count Ruskin' who 'had done twopenny worth of economic thinking',⁷² and they believed that by rejecting the labour theory of value they had set socialist political economy on a theoretical basis which was sound and would be acknowledged to be so by the foremost economists of the day. If, however, in the search for intellectual credibility the unit of account and method of valuation traditionally favoured by socialists was to be abandoned, on what basis would pricing distribution and allocation proceed? Here the incrementalist Fabian view of the transition to socialism leaves its mark. For where socialism was to come industry by industry, municipality by municipality, assuming

quite literally a milk and water (and gas) form; where socialist enterprises functioned as part of a mixed economy with a significant capitalist input rather than within the kind of autarkic co-operative commonwealth favoured by a writer like Owen, then the role of the market had, in large measure, to be accepted. That it was is clear from much Fabian writing.

With respect to the pricing of goods and services produced by socialised or municipalised industries and enterprises, Fabian writers argued frequently for an additive, cost of production or cost of production plus profits mode of valuation. In *The Common Sense of Municipal Trading*, for example, Shaw wrote that the municipality should 'consider only one ideal price; that is, cost price on the basis of the greatest attainable number of customers',⁷³ though in the same tract he wrote that 'The real advantage of public enterprise would be not the complete reduction of price to cost but the application of the profits to the public, instead of their private appropriation by shareholders.'⁷⁴ Similarly, when discussing 'the most satisfactory way of collectivizing the building trade', the writer of one tract argued that it could be done by giving 'the London County Council the power to undertake contracts through its works department, for any local authority in the metropolis at cost price.'⁷⁵ Also when Shaw discussed the competitive advantages of municipal over private enterprises he argued that while the former could reduce their prices to the 'average cost of production', 'competing private individuals are compelled to sell their produce at a price equivalent to the full cost of production at the margin.'⁷⁶ These and many similar passages which could be cited from Fabian writings suggest, therefore, that cost of production or cost of production plus profit would form the basis of pricing. How then were the cost of factor inputs to be determined?⁷⁷

With regard to labour costs it is clear that in much Fabian writing reliance on market determination was a strong element in their thinking. Thus it was suggested in one tract that in government workshops 'wages paid shall be at least equal to those paid by the best private employers'⁷⁸ while Besant made the suggestion that wages should be determined by reference to the trade union negotiated minimums that prevailed in the private sector.⁷⁹ On similar lines another writer when

discussing the wage policy of the London County Council mentioned favourably the fact that it had inserted 'in its own standard list of wages the rate proved on inquiry, to be actually recognized and adopted by the leading employers in the particular trade within the London district.'⁸⁰ As far as the wages of superintendence and direction were concerned, 'The administrator of capital (would) be obtained...for a salary equivalent to his competition value'; a value which would 'fall as education spreads: their present value is a scarcity value, largely dependent on their monopoly of higher education.'⁸¹ Thus here too the remuneration of labour was to be determined by the forces of supply and demand.

Similarly with respect to the cost of capital it was the market which would, necessarily, determine price. Thus Shaw writing of municipal enterprises saw them as paying the going market rate of interest on the funds they borrowed or perhaps slightly below the market rate given the greater security which such enterprises could offer prospective investors. This is what Shaw understood by municipalities having access to unlimited supplies of cheap capital.⁸²

So socialised or municipal enterprises would, in effect, import their prices from the private sector where market forces prevailed. In the final analysis it would be the market which would determine cost of production and it would, therefore, be the market which would solve the knotty problems of pricing and distribution which confronted the administrators of such enterprises. However, while this approach to economic calculation may be regarded as consistent with the piecemeal and partial conception of socialism with which the Fabians usually worked it is difficult to reconcile with their vision of the form the socialist commonwealth would ultimately assume.

The ultimate objective of most Fabians was to subject economic activity to conscious, rational, social and, from their writings of the early 1900s, increasingly centralised control.⁸³ Thus, as the limitations of conventional municipalization as a route to socialism became ever more apparent, the conviction grew that for many goods and services - electricity, water, gas - the unit of public administration should be not the municipality or even the county but the province. As the writer of one tract put it, Fabians should 'drop the idea that [services]...remain municipal services in the

narrowest sense of the term municipal. They should not become even county but provincial services'; 'narrow municipal boundaries are cramping the collective control of industry.'⁸⁴ Thus was born the idea of the Heptarchy, seven provincial administrations responsible for the organisation and control of goods and services previously furnished by individual municipalities. However, where the economy became increasingly socialised and subject to central control the market would be squeezed from all but the interstices of economic life. In such circumstances the administrators of the socialist economy and the managers of socialist enterprises would no longer be able to use as guidelines the values generated by a competitive market economy for there would no longer be a market for capital and labour. What, in short, the Fabians failed to grasp was that 'in economics as in anatomy the whole is much more than the sum of the parts.'⁸⁵ Thus where their constructive political economy proceeded, as it so often did, by reference to individual municipalities and the services provided by them it was legitimate to assume that costing and pricing would occur on the basis of market information. Where, however, the greater part of the economy came to be under heptarchical or national control, the competitive market for productive resources would have largely disappeared and an alternative basis for calculation would be necessary. Where capitalism was to die by a thousand incursions it might be difficult to say in practice when rigor mortis had set in but the Fabians should at least have worked upon the assumption that its ultimate fate and that of the market was not in question.

It is true that there are occasional suggestions in the work of Shaw and others that under full-blown socialism calculation would proceed in a manner different from the way it was conducted in the oases of municipal socialism. In particular, they looked to the possibility of valuing goods and services in a manner which included not only the narrowly economic considerations accommodated by the market but also involved computation of the total social utility yielded by particular types of economic activity. Indeed, for the Fabians, it was one of the major deficiencies of the market that it failed to register the externalities, the social economies and diseconomies of production. Thus Shaw believed that any rational method of economic calculation

would ensure that, 'the drink trade (was) debited with what it costs in disablement, inefficiency, illness and crime, with all its depressing effects on industrial productivity and with its direct costs in doctors, policemen, prisons etc.', while at the same time 'municipal highways and bridges... [would be] credited with the value of the time wear and tear saved by them.'⁸⁶ Thus, for Shaw, a socialist auditor in the commonwealth of the future 'must estimate not only the appropriate profits but the total social utility' of an enterprise 'during the year'⁸⁷ in order to assess whether it was worth continuing or, as Beatrice Webb saw it, a socialist society should 'compare social cost with social advantage. The net result to the whole community (being) substituted for the gain to a minority of capitalists or workers as the final test or measure of efficient service.'⁸⁸

Similarly with wages, doubts were expressed as to the adequacy of existing methods of valuing labour. 'It is a question', wrote Sidney Ball, 'whether the conventional idea of reward is relevant to the system of industry contemplated by the socialist' and he went on to suggest the estimation of 'reward by the efficiency of socially valuable work.' Indeed it was only under socialism that such a mode of valuation would be possible for 'the organisation of industry' on socialist lines would actually permit the 'grading' of work in this way and so allow the deliberate estimation of 'desert' in terms of labour's social utility.⁸⁹

On the question of wage levels there was also a suggestion that their competitive determination would, under socialism, come to be replaced by the calculation of 'an allowance for maintenance deliberately settled according to the needs of the occupation and the means at the nation's command.'⁹⁰ 'Socialism', stated Shaw in the 1896 'Report on Fabian Policy', 'does not involve the abolition of wages, but the establishment of standard allowances for the maintenance of all workers by the community in its own service *as an alternative to wages fixed by competition*.'⁹¹ Here the ideas of the moral economists return in pseudo-scientific guise.

These ideas, on an alternative basis for economic calculation to that provided by the competitive market economy, are, however, nowhere amplified in the Fabian literature of the late nineteenth and early twentieth centuries. They remained little more than hints as to the

computative complexion of socialism without the market and there is no recognition of the magnitude of the problems involved in calculating on the basis of social utility or ensuring that calculation under socialism involved the triumph of social and moral over narrowly economic considerations. But more than this was not to be expected. The whole incrementalist approach of the Fabians ensured that discussion of this type where it occurred would be cursory, for the incremental advance of socialism would seem to exclude the need to confront questions which would and could only arise when socialism was well on the way to being an accomplished fact.⁹² Prior to this any lengthy discussion of how calculation would proceed under a non-market socialism was unnecessary and tantamount to utopianism. More importantly, however, by obscuring the fact that the whole would be greater than the sums of the parts, incrementalism was a major obstacle to any Fabian realisation that their ultimate vision of a fully socialised, highly centralised economy,⁹³ from which the market had been excluded, did indeed require an alternative basis for calculation and decision-making. In this respect the Fabians were like the makers of a mosaic who lose sight of the significance of the total picture they are seeking to construct.

Their actual discussion of the nuts and bolts of here and now socialism would suggest that the Fabians might be categorised as *de facto* market socialists, but if they were prepared to accommodate the market it was only as a temporary expedient. The spirit of the age left them antipathetic to anything which was not manifestly grounded in science and reason and their damning critique of the waste, irrationality and injustice of the market was infused with just such an animus. What they failed to do, however, was to make the necessary theoretical leap from the expedient short-run part to the scientific, long-run whole and to grasp fully the implications of the fact that this whole would be qualitatively different from the socialised components which it comprised. Thus they aspired to a political economy of planning as an alternative to the market without suggesting the theoretical basis upon which such planning might proceed.⁹⁴

NOTES

1. In this chapter I will be primarily, though by no means exclusively, concerned with the economic writing of G.B. Shaw and Sidney Webb from the late 1880s to the turn of the century, though contributions of other Fabian writers such as Besant, Clarke and Olivier are noticed. The best general work on Fabian socialism in this period is A. McBriar's Fabian Socialism and English Politics, 1884-1918 but see also E.R. Pease, A History of the Fabian Society, London, 1916.

2. A. Besant, G.W. Foote, Is this Socialism Sound?, London, 1887, 22.

3. S. Olivier, 'Capital and land', Fabian Tract, 7, 6th ed., London, 1904, 12, 'In commerce - rings, corners, syndicates, pools and monopolies'; G.B. Shaw, 'The economic basis of socialism', 1889 in Fabian Essays, London, Allen and Unwin, 1962, 49.

4. Wm. Clarke, 'The industrial basis of socialism', 1889, in Fabian Essays, 122-3; as regards this aspect of his thinking the influence of Henry Demarest Lloyd was important, P. Weiler, 'William Clarke, the making and unmaking of a Fabian socialist, 1852-1901', Journal of British Studies, 14, 1974, 81. I would not dispute P. Clarke's contention that when Wm. Clarke's 'apparently Fabian surface was scratched' he 'turned out to be Gladstonian or at least Cobdenite', Liberals and Social Democrats, Cambridge University Press, 1978, 59. However, he has been included here because his essay of 1889 illustrates clearly many aspects of the Fabian critique of the monopolistic manner in which the market functioned under late Victorian capitalism.

5. G.B. Shaw, 'The economic basis of socialism', 49.

6. G.B. Shaw, 'The common sense of municipal trading', 1904 in G.B. Shaw, Essays in Fabian Socialism, London, Constable, 1949, 199.

7. See, for example, Shaw's remark that 'Socialism' by 'Turn(ing) on Individualism its own guns, routs it in incurable disaster', 'The economic basis of socialism', 61, my emphasis.

8. On this point see the brilliant study of early Fabian thinking in W. Wolfe, From Radicalism to Socialism. In this early phase (early 1880s) of his intellectual development there is little to distinguish Shaw from Thomas Hodgkin, professing as he did a radical utopian individualism. It would seem, however, that Shaw drew his inspiration from Proudhon, *ibid*, 140; another example of an early Fabian anarchist was Charlotte Wilson. See, 'Anarchism' in 'What socialism is', Fabian Tract, 4, London, 1886.

9. S. and B. Webb, A History of Trade Unionism, London, 1920, 162, saw this as 'the very cornerstone' of 'collectivist economy'.

10. S. Olivier, 'Capital and land', 12.

11. S. Webb, 'English progress towards social democracy',

- Fabian Tract, 15, 1892, 5; S. Olivier, 'Capital and land', 10.
12. *ibid*, 12.
13. G.B. Shaw, 'The economic basis of socialism', 55.
14. S. Webb, 'The difficulties of individualism', Fabian Tract, 69, 1896, 11, first published in the Economic Journal, 1891.
15. G. Stigler, 'Bernard Shaw, Sidney Webb and the theory of Fabian socialism', in Essays in the History of Economics, University of Chicago Press, 1965, 268-86.
16. 'this element of land hardly dominates the vast mass of capital of an economy, which is both fluid in form and augmentable in quantity and, therefore, not obedient to.... classical theorems', *ibid*, 277.
17. G.B. Shaw, 'The economic basis of socialism', 53. For the Webbs attempt to distinguish 'interest' from 'rent' see S. and B. Webb, 'The national dividend and its distribution' in The Problems of Modern Industry, London, 1898, 218. Nevertheless, although the two might be distinguished, 'Economic interest, as here defined, is expressed by a law similar to the Ricardian law of rent', *ibid*, 219, my emphasis.
18. 'To Fabianism, rent is any income received without concomitant and commensurable work', D. Ricci, 'Fabian socialism: a theory of rent as exploitation', Journal of British Studies, 9, 1969, 109.
19. The article was written in the course of a debate with F.A. Walker, the President of the American Economic Association, 1887-8. For an account of their debate, see *ibid*, 108-9.
20. S. Webb, 'The rate of interest and the law of distribution', Quarterly Journal of Economics, 2, 1887-88, 203.
21. G.B. Shaw, 'The economic basis of socialism', 59, 'Economic rent, arising as it does from the variations in fertility or advantages of situation, must always be held as common or social wealth, and used...for public purposes'.
22. Wm. Clarke, 'The industrial basis of socialism', 119.
23. J.A. Hobson was one writer who in The Economics of Distribution, London, 1900, did arrive at such a prescriptive position by this critical root. On this point see P. Clarke, Liberals and Social Democrats, 52. Also see A. McBriar, Fabian Socialism and English Politics, 1884-1918, 46n., 'The rent theory is much more adaptable to a Radical-Liberal than a Socialist cause'.
24. Wm. Clarke, 'The Industrial basis of socialism', 110.
25. G.B. Shaw, 'The economic basis of socialism', 43.
26. S. Webb, 'English progress towards social democracy', 9.
27. G.B. Shaw, 'Report on Fabian Policy', Fabian Tract, 70, 1896, 5.
28. G.B. Shaw, 'The transition to social democracy', 1888, Essays in Fabian Socialism, 40, 39.
29. J. Burns, 'The Unemployed', Fabian Tract, 47, 1893, 6;

G.B. Shaw, 'Report on Fabian Policy', 11.

30. For a discussion of the contribution of English positivism to socialist thinking in Britain see R. Harrison, Before the Socialists, 251-342; 'the doctrines of the Harrisonian Positivists, which were concerned chiefly with social reconstruction formed one of the major sources of Fabian socialist theory in the 1880s', W. Wolfe, From Radicalism to Socialism, 49.

31. On this point see *ibid*, 264.

32. 'intelligence is better than blind forces and reaches its end more speedily and surely...the economic well-being of society is the true end of industry and...this end will be reached better by an intelligent organisation of industry, than by the haphazard interaction of unintelligent forces', L.T. Hobhouse, The Labour Movement, 1893, quoted from P. Clarke, Liberals and Social Democrats, 53. On the Fabian collectivist character of this work see also S. Collini, Liberelism and Sociology, L.T. Hobhouse and Political Argument in England, 1880-1914, Cambridge University Press, 1979, 61-74.

33. S. Olivier, 'Capital and land', 12.

34. G.B. Shaw, 'Fabian Election Manifesto of 1892', Fabian Tract, 40, 1892, 16.

35. *ibid*; J. Burns, 'The Unemployed', 5; A. Besant, 'Industry under socialism', in Fabian Essays, 186.

36. A. Maude, 'Municipal trading', Fabian Tract, 138, 1908, 18.

37. As Aylmer Maude put it, the objective of Fabian economic policy was the 'arranging of the production and distribution of wealth so as to minimize waste', *ibid*.

38. G.B. Shaw 'Report on Fabian Policy', 11.

39. A. Besant, 'Industry under socialism', 192.

40. D.M. Ricci, 'Fabian socialism', 111.

41. J. Burns, 'The Unemployed', 6.

42. S. Ball, 'The moral aspects of socialism', Fabian Tract, 72, 1896, 20.

43. *ibid*, 22.

44. S. Webb, 'The difficulties of individualism', 15.

45. S. Ball, 'The moral aspects of socialism', 22.

46. G.B. Shaw, 'The economic basis of socialism', 67.

47. S. Webb, 'The difficulties of individualism', 5.

48. For Wm. Clarke the growth of such monopolies rendered obsolete the traditional function of the entrepreneur, namely that of taking risks to secure a competitive edge over his rivals. He could, therefore, easily be replaced by a professional manager running the industry or enterprise for the public good. On this point see P. Weiler, 'William Clarke, the making and unmaking of a Fabian socialist', 94. 'Both the Webbs and Shaw...[showed] a marked preference for big or even monopolist business over small and medium business', E.J. Hobsbawm, 'The Fabians reconsidered', Labouring Men, 263.

49. G.B. Shaw, 'The common sense of municipal trading', 203.
50. Wm. Clarke, 'The industrial basis of socialism', 133.
51. A. Besant, 'Industry under socialism', 190.
52. G.B. Shaw, 'The transition to social democracy', 40.
53. Thus in 'The workers' political programme'; Fabian Tract, 11, 1890, 8, S. Webb stated that town and county councils would 'be empowered to engage in all branches of industry in the fullest competition with private industrial enterprise'.
54. G.B. Shaw, 'The transition to social democracy', 56.
55. G.B. Shaw, 'The common sense of municipal trading', 175.
56. *ibid*, 171-5.
57. G.B. Shaw, 'The transition to social democracy', 56.
58. *ibid*.
59. A. Maude, 'Municipal trading', 7.
60. G.B. Shaw, 'The transition to social democracy', 57;
- A. Besant, 'Industry under socialism', 191.
61. G.B. Shaw, 'The Fabian election manifesto, 1892', 4.
62. 'No philosopher now looks for anything but the gradual evolution of the new order from the old, without breach of continuity or abrupt change of the entire social tissue at any point during the process', S. Webb, 'The historic basis of socialism', Fabian Essays, 63.
63. S. Webb, 'English progress towards social democracy', 4.
64. *ibid*.
65. *ibid*, 14; or as Besant put it, 'All we can do is to consciously co-operate with the forces at work, and thus render the transition more rapid than it would otherwise be', 'Industry under socialism', 185.
66. S. Webb, 'The historic basis of socialism', 66.
67. S. Webb, 'The difficulties of individualism', 4; also, for example, 'The historic basis of socialism', 82, 'It still rests with the individual to resist or promote the social evolution, consciously or unconsciously according to his character and information'.
68. G.B. Shaw, 'The Fabian Society: what it has done and how it has done it', Fabian Tract, 41, 1892, 3; thus, for example, in a lecture given in 1884 entitled 'Our lost honesty', Shaw claimed that, 'If six hours useful labour exchanges for six hours labour, ten hours for ten hours and so forth, without regard to the degree of skill involved, the result is Socialism', in L. Crompton (ed.), The Road to Equality, ten unpublished lectures and essays of George Bernard Shaw, 1884-1918, Boston, Beacon Press, 1971, 16.
69. For an account of this conversion see G.J. Stigler, 'Bernard Shaw, Sidney Webb and the theory of Fabian socialism', 270ff.
70. G.B. Shaw, 'The Fabian Society', 16.

71. *ibid.*

72. *ibid*, 15. 'Now gentlemen', he stated in 1913, 'I am really a political economist. I have studied the thing. I understand Ricardo's law of rent and Jevons' law of value', J. Fuchs (ed)., The Socialism of Shaw, New York, Vanguard, 1926, 58.

73. G.B. Shaw, 'The common sense of municipal trading', 205.

74. *ibid*, 202.

75. W. Sanders, 'Municipalization by provinces', Fabian Tract, 125, 1905, 5.

76. G.B. Shaw, 'The transition to social democracy', 56-7.

77. For example, Besant, 'Industry under socialism', 197, saw the price of 'communal produce' as comprising 'rent of land payable to the local authority, rent of plant needed for working the industries, wages advanced and fixed in the usual way, taxes, reserve fund, accumulation fund.'

78. G.B. Shaw, 'Report on Fabian policy', 10.

79. A. Besant, 'Industry under socialism', 189; see also her mention of 'wages advanced and fixed in the usual way', above n. 79.

80. S. Webb, 'The economics of direct employment', Fabian Tract, 84, 1897, 3; on the payment of managers Olivier wrote that the 'administrator of capital [could] be obtained for a salary equivalent to his competitive value', 'Capital and Land', 18, my emphasis.

81. A. Besant, 'Industry under socialism', 199.

82. G.B. Shaw, 'The common sense of municipal trading', 165-6.

83. They looked forward in the words of S. Webb to 'definitely organised commonwealths', 'Twentieth century politics, a policy of national efficiency', Fabian Tract, 108, 1901, 5. Hobsbawm is surely wrong to argue that the 'history' of the Fabians 'must be written not in terms of the socialist revival of the 1880s but in terms of...middle-class reactions to the breakdown of mid-Victorian certainties', 'The Fabians reconsidered', 266, my emphasis. What animated the Fabians in the 1880s was what animated most socialist economic thinkers of the period, namely the waste, and impoverishment consequent upon the anarchic nature of late nineteenth century capitalism and the desire to administer scientifically what had previously been left to chance.

84. W. Sanders, 'Municipalization by provinces', 8.

85. J.K. Galbraith, Economics and the Public Purpose, London, Deutsch, ix.

86. G.B. Shaw, 'The common sense of municipal trading', 183.

87. *ibid*, 227.

88. B. Potter (Webb), The Co-operative Movement in Great Britain, 212.

89. S. Ball, 'The moral aspects of socialism', 21-2, 19.

90. S. Webb, 'Socialism, true and false', Fabian Tract, 51, 1894, 17.

91. G.B. Shaw, 'Report on Fabian policy', 7, my emphasis.

92. 'The Society as a whole, in its concentration on practical detailed reforms, virtually cut itself off from the higher ranges of theoretical speculation', A. McBriar, Fabian Socialism and English Politics, 346-7.

93. This was not, of course true of Wm. Clarke who argued that the state and municipalities should run only 'routine' industries and leave others, less technologically developed or mechanised to private enterprises, 'The limits of collectivism', Contemporary Review, 1893, reprinted in H. Burrows and L. Bryce (eds.), William Clarke; A Collection of his Writings, London, 1908, 24-43.

94. For R.N. Soffer, 'the Webbs' were 'too preoccupied with practice to inquire into theory; their eclectic methods were meant only to achieve particular results', 'The revolution in English social thought', 1951.

Peter Kropotkin

An Anarcho-Communist Postscript

In the last quarter of the nineteenth century two thinkers in Britain dominated discussion of the theory and practice of anarcho-communism. The first was William Morris and the second, Peter Kropotkin whose 'theory of the "free commune" offered one of the strongest theoretical foundations for the English communities in the late nineteenth century'¹. Articles by Kropotkin on anarchism, in English, began appearing as early as 1884. The essays which comprised *Fields, Farms and Workshops* were published in *Nineteenth Century* in the 1890s as were those which appeared as *Mutual Aid, a Factor of Evolution* in 1902. Also a number of chapters of *The Conquest of Bread* were published in the 1880s in *Freedom* which was in fact founded in 1886 by a group centred around Kropotkin.² The essentials of Kropotkin's anarcho-communism, the essence of his major works, were, therefore, available to English readers before the turn of the century and it is with two of these, *The Conquest of Bread* and *Fields, Farms and Workshops* that this short postscript is primarily concerned.

The anarcho-communist economic critique of capitalism and the market differed little from that of the state socialists. For writers like Kropotkin the market was above all else a mechanism which generated disorder and waste. Specifically, it involved 'producing haphazard', 'production for unknown buyers'³ rather than production on the basis of deliberately acquired knowledge of social needs and it was this together with the exploitation that the commoditisation of labour permitted and the 'want of purchasing power amongst the workers'⁴ which resulted, which caused those general economic crises that increasingly bedevilled capitalism. Where production was market-oriented; where the producer

was concerned solely with exchange values and pecuniary gain, 'Enterprise takes no thought for the needs of the community. Its only aim is to increase the gains of the speculator. Hence the constant fluctuations of trade, the periodical industrial crises.'⁵ The market failed, therefore, as an equilibrating mechanism; it failed to match supply with demand and waste was the consequence. Productive resources were underutilised and labour made redundant. Thus 'in every nation there is a permanent population...who only ask for work but to whom work is denied.'⁶

Further the concern of producers with price ensured that where wealth was maldistributed, in consequence of a class monopoly of the means of production, the market produced waste in the form of a fundamental misallocation of resources in relation to societal needs. Thus output frequently took the form of 'wares which are absolutely injurious, but profitable to the manufacturer.' The 'poor' were prevented 'from producing the things they need' and forced 'to produce not the necessities of life...but whatever offers the greatest profits to the monopolists.'⁷

Finally, the increasingly monopolistic nature of contemporary capitalism⁸ meant that the competitive spur of the market no longer served to encourage the expansion of output. Thus capitalist producers were often guilty of 'the direct and deliberate limitation of production' in addition to the 'limitation indirect and not of set purpose, which consists in spending human toil on objects absolutely useless.'⁹

Where Kropotkin differed substantially from writers like Hyndman, Gronlund, Bellamy et al. was in his perception of the contemporary course and future evolution of capitalism. Two developments in particular Kropotkin saw as being of fundamental importance. The first he termed the decentralisation of industry, by which he meant the global proliferation of industrial development. This proliferation had, in the last quarter of the nineteenth century produced a shift in the centre of economic gravity away from the industrial pioneers - Britain and France - and the rise of economic powers such as Germany, Russia and the United States. However, the process had not stopped there and already India, China, Japan and many other nations had set about acquiring an industrial capacity. For Kropotkin this meant, initially, an intensification of competition in the

world market with a consequent increase in the economic difficulties already experienced by established industrial powers, 'something which, under existing economic arrangements would entail 'wars, perpetual wars...for the right of precedence in the market.'¹⁰ However, come the revolution and the advent of communism, this proliferation of economic development would assume a different significance. For, as Kropotkin saw it, it provided the basis for national or even regional economic autonomy. Thus the spread of industry made possible self-sufficient micro economies geared to the direct satisfaction of need rather than production for far flung, uncertain markets.¹¹ As he put it in *Fields, Factories and Workshops*, 'Industries of all kinds decentralise and are scattered all over the globe, and everywhere a variety, an *integrated variety* of trades grows, instead of specialisation.'¹² So where each aggregation of individuals (was) large enough to dispose of a certain variety of natural resources - it may be a nation or rather a region' it would be in a position to 'produce and itself consume most of its own agricultural and manufactured produce.'¹³ In such circumstances nations and regions would come 'to rely chiefly upon a home production of all the chief necessities of life.'¹⁴ The spread of industrial development therefore laid the basis not for increasing international specialisation but for increasing local and regional economic autonomy. It would obviate the need for an extension of the market rather than precipitating an expansion of commercial activity. If it did not sound the death-knell of the international market economy it certainly laid the basis for its atrophy.

Secondly there were the monopolistic tendencies inherent in late nineteenth century capitalism. Proponents of state socialism saw these as laying the basis for a centralised collective control and organisation of the means of production in the interests of society. Kropotkin, however, while he acknowledged the monopolistic impulse in competitive pressures, believed, nonetheless, that alongside industrial giants small-scale enterprises would not only continue to flourish but become increasingly important in terms of their proportional contribution to the general level of economic activity. As he wrote in *Fields, Factories and Workshops*, 'In reality the extension of the petty trader, side by side with the great factories, is nothing to be wondered at. It is an economic

necessity. The absorption of small industries by bigger concerns is a fact, but there is another process which is going on parallel with the former and which consists in the continuous creation of new industries, usually making their start on a small scale.¹⁵

Petty production had survived the pressures making for industrial concentration under competitive capitalism. It had done so first because every large firm required a multiplicity of smaller ancillary enterprises to service its needs. Second, because small-scale enterprises possessed an inherent adaptability which allowed them to respond more rapidly to the 'growing variety of demand.' Thus they were not irrevocably wedded to particular lines of production because of the heavy capital investment embodied in them.¹⁶ Thirdly, 'the cheap means which are now in use for the supply of motive power in small quantities' meant that unit costs of power did not vary significantly between large scale and petty producers.¹⁷ In opposition to the state socialists, therefore, Kropotkin believed there existed no necessary progression in the direction of industrial concentration.¹⁸ As he saw it the major advantage of large over small scale enterprises was not in any inherent capacity to secure higher factor productivity but in their 'more advantageous conditions for selling the produce and for buying the raw produce.'¹⁹ However, even under capitalism, this competitive edge had been blunted by a tendency for petty traders and producers to combine in selling and purchasing agencies and, under communism, as Kropotkin envisaged it, when large enterprises would no longer wield monopolistic or monopsonistic power, they would possess no obvious advantages over small-scale producers.

Accepting the Marxian dictum that the seeds of communism were already germinating within a capitalist social integument, Kropotkin's perception of these developments led him in a radically different constructive direction from that of the state socialists. In fact, it led him in the direction of a conception of communism similar to that embodied in Morris' *News from Nowhere* and which possessed, too, characteristics in common with early nineteenth century communitarianism. Most obviously Kropotkin saw the economic problem in terms of the direct estimation and satisfaction of needs and, therefore, as one involving the calculation of demand and capacity to supply in physical terms. Thus, for Kropotkin, political economy as a

science should involve, 'The study of the needs of humanity and the means of satisfying them with the least possible waste of human energy. *Its true name* (therefore) *should be Physiology of Society*.'²⁰ Here the emphasis upon the physical nature of the problems of allocation and distribution is quite overt and when Kropotkin comes to discuss these problems in detail it is just such a mode of calculation which he uses. For example, as regards allocation, when he considered the problem of securing self-sufficiency for 200 families of 5 persons on 1,000 acres of land, Kropotkin arrived, purely on the basis of figures relating to physical capacity to produce and need to consume, at the conclusion that 340 acres must be allocated to cereals, 400 acres to 'green crops and fodder required to keep thirty or forty milch cows which would supply them with milk and butter, and...the 300 head of cattle required to supply them with meat', 20 acres to vegetables and 140 acres for 'public gardens, squares, manufactures and so on.' Here the problem of allocation was reduced to that of knowing 'what is the best use to make of land.'²¹ It became, in effect, a technical, land management problem rather than an economic one; a problem to be solved by direct reference to the physical requirements of the population and the physical capacity of a community or region to produce. Approached in this way the whole question of establishing production priorities acquired a seductive simplicity. The solution was self-evident. Man must first have food then dwellings, then clothing and certainly this was the order in which Kropotkin discussed the organisation of production in *The Conquest of Bread*. There was, therefore, no need for elaborate calculations on the basis of value to establish what was the socially optimal utilisation of resources.

Distribution would also proceed by direct reference to individual need. Kropotkin and other anarcho-communists rejected the idea of a reward or payment commensurate with productive effort on the grounds that as all production was a social act, the extent of an individual's contribution could not be estimated. Thus any idea of payment according to labour time expended was derisively rejected. 'Individual appropriation is neither just nor serviceable..All belongs to all...since it is not possible to evaluate everyone's part in the production of the world's wealth.'²² The alternative anarcho-communist criterion for distribution was

quite simple, 'to those who have most need, most should be given.'²³ On this basis each would have 'the right...to take what he needs from the common store.'²⁴ In such circumstances economic calculation would only involve some assessment of what were legitimate wants. So on what basis would this proceed?

For Kropotkin and other anarcho-communists this problem would be solved by the informed, spontaneous, action of the masses²⁵ rather than the clinically systematic and dispassionate calculation of communist theoreticians. Thus discussing the immediate post-revolutionary period, Kropotkin wrote that 'a system (of distribution) which springs up spontaneously, under the stress of immediate need, will be infinitely preferable to anything invented between four walls by hidebound theorists.'²⁶ The instinctive sagacity of the working-class could be left to supplant the distributive function which the market had previously performed - 'those only who have never seen the people resolve and act on their own initiative could doubt for a moment that if the masses were masters...they would distribute rations to each and all in the strictest accordance with justice and equity.'²⁷ Again, as with allocation, this 'good sense and instinct for justice'²⁸ would take the form of assessing physical need and balancing it against available physical supply. Discussing, by way of example, the situation which would pertain in post-revolutionary Paris, Kropotkin envisaged the spontaneous formation of voluntary groups who acting on their own initiative 'would make inventories of all that the city possessed and find out approximately what were the resources at their disposal.'²⁹ Here once again an economic problem, this time the problem of distribution, is conceived and discussed in terms of matching physical magnitudes rather than in terms of assessing rapidly and continually shifting demand schedules; schedules which could only be estimated in terms of prices. For anarcho-communists demand could be gauged, resources allocated and distribution effected without the intermediation of a pricing mechanism.

Kropotkin's decentralised communism differed from that of the early nineteenth century commun-
itarians in terms of the scale upon which it was conceived. While he did not denigrate the efforts of those who participated in experimental communities, he generally envisaged communism as functioning throughout a country or at least a

region and this only as a preliminary to communism's global triumph. Nor, while he had much to write on the possibilities for agricultural expansion and though he looked to a more even balance between agriculture and industry than that which prevailed in contemporary capitalist economies, did he see the communist future as essentially agrarian. Agriculture would certainly play a fundamental role but Kropotkin's communism was one of fields, farms and workshops. As such, he had considerably more to say about the place of industry, particularly small-scale industry in communist economic development than that of any of the Owenite communitarians. Yet the basis Kropotkin suggested for calculation and decision-making was much the same as that to be found in early nineteenth century communitarian political economy even if he relies more obviously upon the spontaneity and intuitively informed nature of individual economic action. Thus Kropotkin did not retreat within the laager of agrarian simplicity. His communism retains much of the complexity of a modern industrial economy of an integrated and interdependent kind but at the same time his uncritical reliance upon the spontaneity and intuition of the masses meant that he added little of worth to the discussion of the basis upon which a decentralised communism would function in the absence of a market mechanism.³⁰

NOTES

1. D. Hardy, Alternative Communities, 166.
2. J.W. Hulse, Revolutionists in London, 61-6;
G. Woodcock, Anarchism, a History of Libertarian Ideas and Movements, Harmondsworth Penguin, 1975, 419.
3. P. Kropotkin, The Conquest of Bread, London, 1906, 244, 295.
4. P. Kropotkin, Fields, Factories and Workshops, or Industry combined with Agriculture and Brainwork, London, 1907, 31.
5. P. Kropotkin, The Conquest of Bread, 12.
6. *ibid*, 19.
7. *ibid*, 215.
8. A development recognised and condemned by most anarcho-communists, see for example, E. Reclus, An Anarchist on Anarchy, London, 1898, 6, who saw 'combinations and monopolies' as the inevitable result of unbridled competition.
9. P. Kropotkin, The Conquest of Bread, 20.
10. *ibid*, 13.
11. *ibid*, 260-1.
12. P. Kropotkin, Fields, Factories and Workshops, 37,

my emphasis.

13. *ibid*, 5.

14. *ibid*, 121.

15. *ibid*, 139.

16. *ibid*, 163n.

17. *ibid*.

18. *ibid*, 165-6.

19. *ibid*, 167.

20. P. Kropotkin, The Conquest of Bread, 237.

21. P. Kropotkin, Fields, Factories and Workshops, 23-4.

22. P. Kropotkin, The Conquest of Bread, 15; 'when everything is interdependent...the attempt to claim an individualist origin for the products of industry is absolutely untenable', *ibid*, 31-2. See also for example J. Lane, An Anti-Statist Communist Manifesto, London, 1887, 9, 'it is absolutely certain that there is no isolated, individual effort, there can only be efforts, general and collective or common; consequently neither should there be individual remuneration or reward'.

23. P. Kropotkin, The Conquest of Bread, 85. J. Lane, An Anti-Statist Communist Manifesto, 13, looked forward to 'free association of groups of workers...holding the land and capital in common, working it on true co-operative principles.. every member working according to his ability and receiving according to his needs', my emphasis.

24. P. Kropotkin, The Conquest of Bread, 118. 'The feature that distinguishes anarchist communism from other libertarian doctrines is the idea of free distribution', G. Woodcock, Anarchism, 188.

25. With regard to the allocation and organisation of labour an anarcho-communist such as Edward Carpenter believed that from 'the endless variety of human nature would spring a perfectly natural and infinite variety of occupations, all mutually contributive', Civilization, Its Cause and Cure, London, 1889, 42, my emphasis.

26. P. Kropotkin, The Conquest of Bread, 81.

27. *ibid*, 84.

28. *ibid*, 110.

29. *ibid*, 121.

30. 'the argument advances, always stopping short of specific description, always leaving technical and practical questions in the minds of the readers', J.W. Hulse, Revolutionaries in London, 60. As with the early nineteenth century communarians Kropotkin never abandoned the idea that the economic questions facing communists were largely administrative and logistic - 'Is there enough flour? Will it come to the bakers' ovens? and how shall we secure the due arrival of meat and vegetables? 'That is what will preoccupy us', P. Kropotkin, Revolutionary studies, London, 1892, translated from La Revolte.

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The market was anathematised by almost all nineteenth century socialist writers. Their critique of it was both comprehensive and sustained if, more often than not, theoretically simplistic. It embraced both the market's performance as an economic mechanism and the social, moral, aesthetic, psychological and environmental repercussions of the triumph of the market economy. The market failed to give goods and services their true value, skewed the distribution of wealth in favour of those with the power to manipulate the forces it unleashed, reified labour and exposed it to exploitation and transmitted to producers a knowledge of the whims of the rich while failing to convey at all the needs of the poor so misdirecting the resources of the community from the production of essentials to the manufacture of trivia. It failed to match supply with demand at a macroeconomic level wasting both existing productive capacity and stunting the further expansion of the productive powers available to mankind. Its unplanned, anarchic nature made for ill-informed decision-making, while, for late nineteenth century writers its increasingly monopolistic nature destroyed the modicum of economic freedom which in its pristine competitive form it had seemed to bestow. The market, therefore, was at the root of the material impoverishment of the working-classes.

Socially it played a disintegrative role setting man against man, class against class, firm against firm, producer against consumer. It atomised society imbuing each atom with aggressively competitive and antagonistic instincts. It lay at the root of all conflicts both within society and between nations and in putting a premium upon a ruthless and abrasive competitiveness it inspired

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and rewarded unethical behaviour. A desire to sell rather than to serve; a concern with profits rather than beauty, money price rather than social worth ensured too that production was geared to what was cheap and nasty. Neither aesthetic nor social considerations should distract the attention of the producer from the marketability of his product. Further the division of labour which this competitive cheapness demanded was seen as atrophying the creative and intellectual faculties of *homo faber*. In so doing the market dehumanised; in destroying man's creativity it corrupted the essence of what it meant to be human." In the market the soul of man was bartered in the same manner as any other commodity and like other commodities it received its market value - a wage to be spent on adulterated subsistence. If the market impoverished the working-classes materially, it impoverished the whole of society spiritually and morally. The market was the enemy of beauty, truth, justice, reason and the ideal of the whole man. Small wonder then that so few socialist writers could countenance the possibility that the market might play some positive role in the socialist commonwealth of the future. To admit the market was to admit a Trojan horse within the walls of the New Jerusalem.

For early nineteenth century communitarian socialists these walls were to be built high to prevent such an incursion of market forces and market values. Autarky was the goal and where autarky was not possible exchange relations were to be sanitised through the determination of values by reference to a labour standard. What this amounted to was a fundamental simplification of economic life; a socialism predicated upon largely autonomous economic microcosms, which permitted its adherents to regard problems of valuation, distribution, allocation and equilibration where they arose at all as something to be resolved easily and directly by reasonable men imbued with the requisite degree of socialist goodwill. Further the frequent recourse to the presupposition of abundance obviated any urgency to establish a precise basis either for distribution or the allocation of scarce resources amongst competing ends to maximise social utility.

However, the price paid for such assumptions was high, namely the concomitant acceptance of an essentially pastoral, and thence progressively unrealistic vision of the socialist future. True, as late as the 1840s such a conception of the material basis of socialism was not totally at odds

with the realities of economic life. Hindsight allows us to show how futile was the communitarian attempt to swim against the powerful incoming tide of rapid industrialisation but hindsight should not be used to brand utopian an economic philosophy which at the time actually bore fruit at Orbiston, Queenwood, New Harmony and elsewhere. Yet if early nineteenth century communitarian socialists cannot be condemned for their failure to guess the shape of things to come their constructive political economy offered little by way of enlightenment to those who might seek to establish a decentralised socialism which embraced the increasingly industrial reality of the Victorian economy. In *this* respect the constructive aspect of their non-market socialist political economy had nothing of worth to bequeath to the future.

For late nineteenth century socialists the theoretical problems resulting from a determination to abandon the market were more acute. These writers had to accept and confront the existence of an industrial economy. For some, such as Blatchford and Morris the trial proved too severe and they rapidly retreated to an essentially agrarian and largely autarkic vision of socialism - something which was no longer, in any sense, permissible. Most, however, were prepared to bite the bullet and consider how an industrial socialist economy might be constructed, organised and run. Yet without exception they failed to grasp the magnitude of the task which they set themselves. This is particularly apparent in the writing of the state socialists for whom, unlike the Fabians, there were no halfway houses between anarchic market capitalism and the conscious social control and planning of economic activity. Again and again, using a variety of expedients, they evaded the theoretical difficulties of economic calculation in a marketless state socialist economy. Simplification by analogy, the belief that computation could proceed in physical rather than value terms, a faith in omniscience of the socialist state - all these helped late nineteenth century state socialists to reduce the theoretical problems of pricing, allocation, distribution etc., to manageable proportions. Further in assuming stasis, autarky and abundance such writers frequently founded their commonwealths on simplifying assumptions similar to those of the communitarians, though with considerably less historical justification. For, solutions which might work given pastoral simplicity were

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certainly not applicable to the economic complexities of a modern industrial economy.

The Fabian approach to the problem of economic calculation under socialism was different. Their gradualism permitted them to assume that individual public and municipal enterprises would work with market generated values, while at the same time it virtually precluded any realisation that a problem would arise when municipalisation or nationalisation had reached a point where competition and the market ceased to exist and where they ceased to play the information disseminating role upon which individual socialised enterprises had previously relied. Thus while the Fabian solution to the problems of economic calculation under socialism was consistent with their incremental conception of socialist advance, it was not applicable to their ultimate vision of a fully planned and consciously controlled socialist economy.

With Morris and Kropotkin we are back once again in the early nineteenth century with the problems of economic calculation under non-market socialism being solved by socialist intuition. The extent and nature of human needs would be intuitively recognised while the capacity of the community or nation to satisfy them could be readily identified by a simple estimate of the physical capacity to produce. In effect economic calculation was not a problem which would or should exercise the analytical skills of the political economist.

The mid-century period did see attempts to come to terms with the market as a fact and an obviously intransigent fact of economic life. Thus the Christian socialists, Ruskin and others sought to tame the beast rather than to shoot it. In effect they sought to moralise the market by moralising the social and personal relations which the market engendered. They hinted, as had the moral economists of the 1820s, at a kind of welfare economics; they sought a valuation of goods and services which would break with a narrow and exclusive reliance upon the forces of supply and demand and involve a broader cost-benefit-analysis appreciation of what constituted wealth and what illth. Thus writers like Ruskin and Ludlow suggested a more holistic approach to the whole question of value, where if the market was to play a part, it would represent only one element in the equation; an equation which would also comprise considerations of justice and equity together with some assessment of the social, psychological and

environmental costs of production. However, such a welfare economics was left unformalised; for these writers it would in any case emerge not from the theorising of political economists but organically from the moralisation and thence the moral sensibilities and actions of participants in the market economy. It would be a consequence of the moral transformation of society rather than the cogent theoretical reasoning of some socialist Pigou. In terms of actual theoretical speculation, therefore, the moral economy of Ludlow and Ruskin rarely went far beyond an inchoate longing after the just price.

For the most part, however, their critique of the functioning of the market led nineteenth century socialist writers to throw the market baby out with the bath water. That they did so is perfectly understandable in a nineteenth century context. In many respects the market did function in the inequitable, iniquitous and destabilising manner which they suggested and with many of the unfortunate ethical, psychological and aesthetic consequences which they detailed and, in this respect, one can but sympathise with their determination to substitute for a mechanism which disrupted, distorted and destroyed, an economic order characterised by harmony, stability, certainty and justice, where conscious rational forethought, either in the microcosm of the community or the macrocosm of the state replaced the adventitious dictates of chance.

For all that the consequences of this determination to abandon the market were little short of disastrous for the subsequent evolution of socialist economic thinking. With early nineteenth century socialism padlocked to agrarian communitarianism, late nineteenth century socialism assuming away the real complexities of economic life in an industrial economy and mid-century socialism pursuing the just price we have a body of thought ready with neck extended for the axe so deftly wielded by von Mises and Hayek in the early years of the twentieth century. Indeed it was only when their blows rendered moribund the constructive political economy of a century that socialist writers in Britain came alive to the role which the market might play under socialism; it was only with Dickinson, Gaitskell, Jay and Durbin in the 1930s that the market was rehabilitated and significant strides were made in discussing theoretical questions of calculation in a socialist

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economy. In effect it was left to this first generation of professionally trained political economists with socialist sympathies - trained too in the neo-classical tradition of economic thinking - that a positive attempt was made to integrate the market with socialism. For all its incisive perception, persuasive moral force, literary panache and legitimacy, the nineteenth century onslaught on the market proved, therefore, a major obstacle to the evolution of constructive socialist economic thinking in Britain.

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